

Healthcare Investments and Exits

Mid-Year Report 2025

Biopharma | Healthtech | Dx/Tools | Device

Published July 29, 2025

Everything Everywhere All at Once

“A revenue cycle platform that can process as many appeals in an hour as manual reviewers can in a week, or that reduces denials by 10%, might not make for punchy headlines, but it could be the difference between a hospital staying open or closing. The areas getting the most value from AI have been priorities for healthcare for years, and AI is making a real difference.”

Are we in an investment slump? Or are we seeing a resurgence? Is there a threatening mid-stage barbell or have early rounds been taking companies further? Is the exit market suddenly healthy or are public markets taking hits?

It looks like all of that is true. All at once.

Private markets are looking better than they have in years. After the dizzying heights of 2021 and the subsequent plunge, we're moving towards something that looks like a reasonable slope for investment. Valuations are making more sense. There's less hype about AI changing the face of healthcare, and more focus on powerful tools making a difference in unseen ways. A revenue cycle platform that can process as many appeals in an hour as manual reviewers can in a week, or that reduces denials by 10%, might not make for punchy headlines, but it could be the difference between a hospital staying open or closing. The areas getting the most value from AI have been priorities for healthcare for years, and AI is making a real difference.

Investors are no longer satisfied with promises; they demand concrete plans, strong market presence and robust clinical evidence. Companies that raised a Series A with the goal of reaching preclinical milestones are facing a funding environment wanting Phase 1 data before backing a Series B.

Data and interviews show a potentially dangerous emerging barbell trend. The scale of early-stage rounds has ballooned. With bigger seed and Series A raises and multiple extension rounds, early-stage companies are raising enough to bring them further than we expect. Is the Series B challenge a symptom of a tougher market, or simply a reflection of startups strategically raising enough in their Series A to reach critical value inflection points before seeking additional capital?

Public markets can also be deceptive, especially if you focus on

industry indices. Many companies that exited in the frothy 2021 market likely shouldn't have, and they continue to drag down the overall healthcare metrics. But beneath the surface, new entrants with solid fundamentals are not just surviving but thriving in public markets even as they weather the broader economic storms.

Big Pharma is especially reliant on the innovation ecosystem. Expiring exclusivity rights mean they desperately need to refill pipelines and find new blockbusters, and for that they need a research and startup pipeline exploring novel therapeutics. Corporate venture capital (CVC) firms and corporate-affiliated groups are exploring the possibilities that come from funding startups earlier. Data shows that biopharma startups can get substantial benefits from CVC investment, making these scouting investments a potential big win-win for both sides.

In the face of so much uncertainty, venture capital (VC) is more critical than ever. The innovation it fuels and the startups it empowers are building the technologies, tools and therapies that are the future of healthcare. It's an exciting time. We've weathered storms before. We're proud to play our role and to support this vital industry in a dynamic, rapidly changing world.



Jennifer Friel Goldstein

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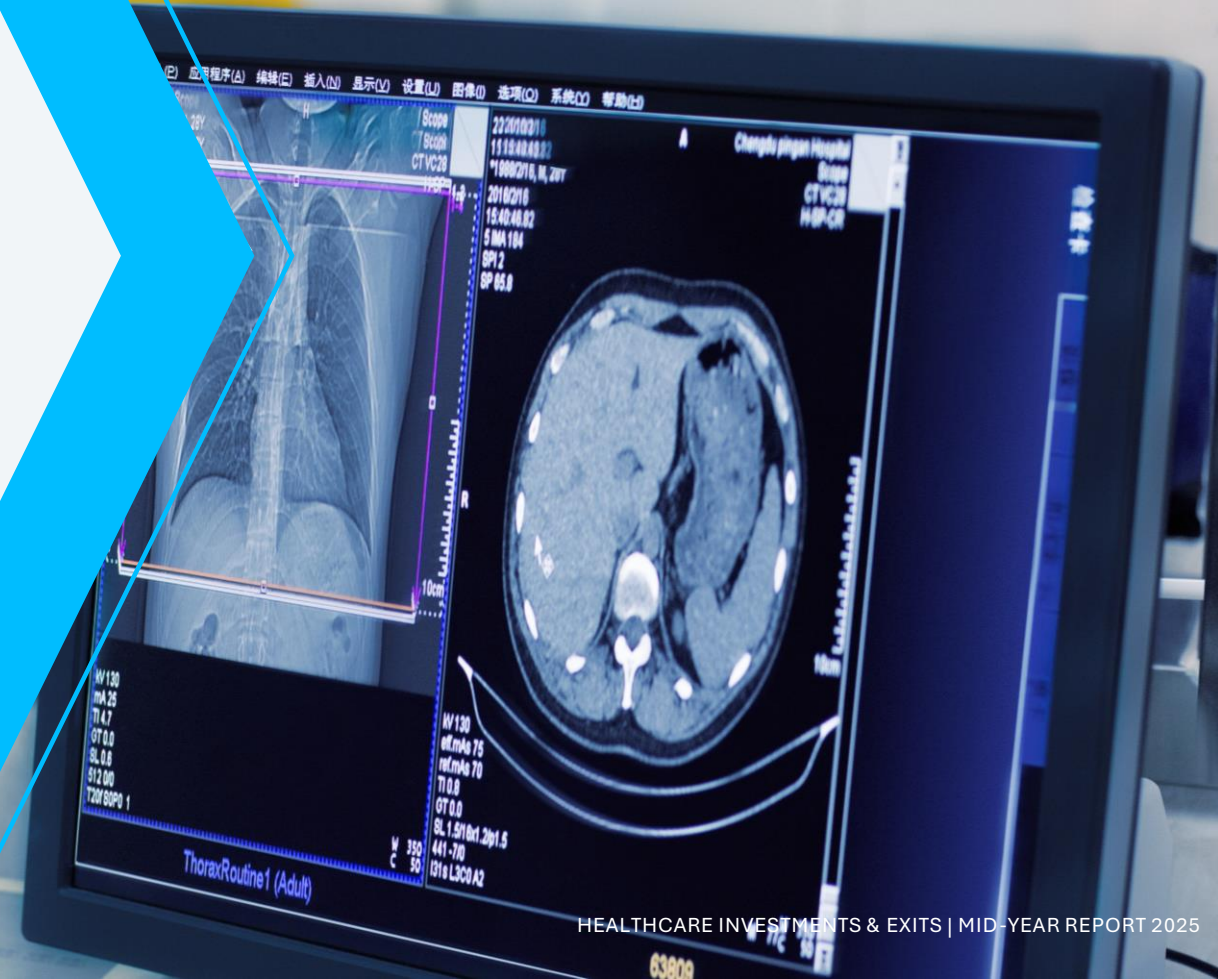


Jackie Spencer

Head of Relationship Management for
Life Science & Healthcare Banking

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Healthcare Market Highlights

Market Highlights

Macro Outlook

“In the first half of 2025, the US equity market digested an immense amount of headline risk and eventually looked through the noise. The S&P 500 has crossed new all-time highs, corporate earnings are projected to rise further, and unemployment is still very low. Policy uncertainty might delay business decisions in the near-term, but in our view these challenges may prove short-lived if government policy crystallizes and corporations adjust to the new rules of the road.”



Phil Neuhart

SVP, Director of Market and Economic Research



First Citizens Wealth™



Biopharma

Investment is down relative to 2024, and sentiment is struggling to build momentum. Poor public performance and returns relative to benchmarks like the S&P 500 makes it hard for generalists to stay committed to the space. Strong M&A activity and potential rate cuts in the second half of the year could be the catalyst to positively shift the sentiment.



Healthtech

AI is driving a new resurgence in healthtech investing. While the previous peaks were largely driven by virtual and hybrid care companies, **the current boom is coming from administrative tools for both the front- and back-office that are integrating AI.** Functions like revenue cycle management and patient communication have clearer ROI and performance metrics, making them more appealing to an industry that's seen a lot of AI hype over the years.

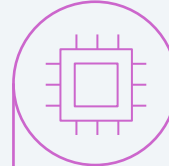
Investor Sentiment

Raising funds is not what it used to be. Amid the regulatory and geopolitical turmoil, **overall fundraising appears to be heading for the lowest volumes in more than 10 years.** That is not to say that everyone is struggling. The larger, more established fund managers may not even notice these downward trending totals.



Trending

- Fundraising is taking a hit.** We're currently trending for the **worst fundraising year since 2015.**
- AI is driving a healthtech surge.** Healthtech is **nearly a third of all healthcare investment** in 2025¹ to date.
- China is becoming a go-to for biopharma research.** Less than \$1B in spending on Chinese biopharma in 2022 has suddenly grown to **more than \$3B in the first half of 2025 alone.**



Dx/Tools

With strong commercial dynamics, minimal residual disease (MRD) tests are continuing to make a splash in the Dx/Tools space. Similarly **strong performances in the public market bring an opportunity for optimism** that exit markets — which have been grinding forward — could see some positive activity in the second half of 2025. AI continues to play an important role, accounting for half of all investment in the Dx/Tools space.



Device

Consistency is the watchword so far in device investment, which has seen investment totals between \$3B and \$4B in every half since 2022. That might be about to change though, if **neuromodulation and AI-enabled remote surgery continue to attract attention and money.** A few strong exits wouldn't hurt either, but macroeconomics might be a barrier there as device companies look likely to be among the hardest hit by tariffs.



Fundraising and Investment

Fundraising: It's Looking Rough

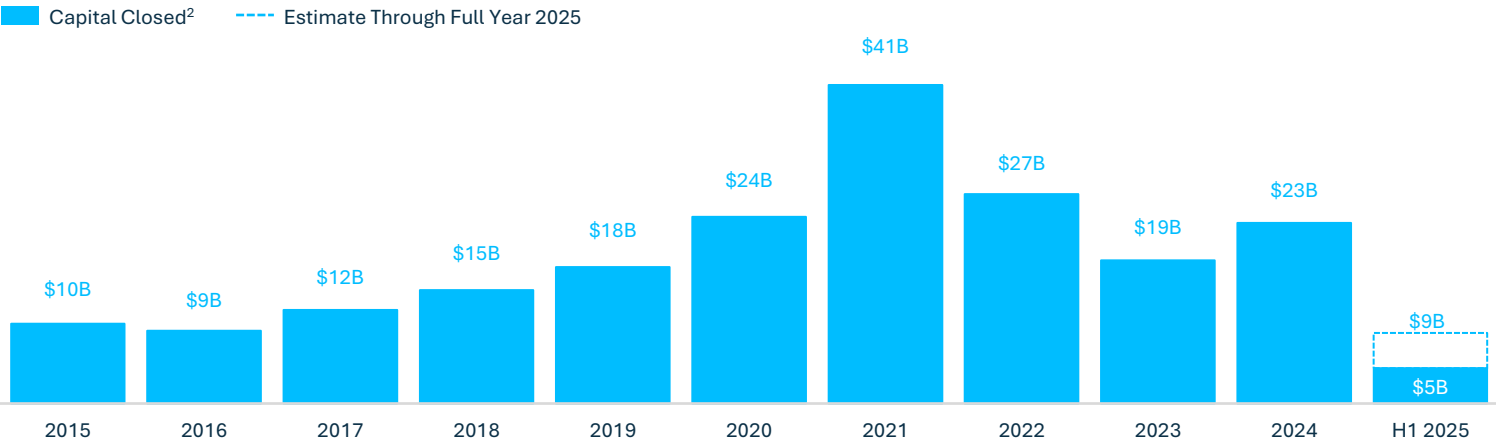
Healthcare fundraising is on track for the lowest amount closed in more than 10 years. Yes, fundraising for the wider innovation economy is down 21% compared to 2024, but fundraising for healthcare is on pace to plunge 60%. While some very large funds have raised this year that could allocate money to healthcare, there's no denying that this is a big drop-off for healthcare-focused fundraising.

“Wait and see” has become a common refrain. Tariffs and trade wars threaten to eat into the bottom line for companies sourcing from outside the US. The overall geopolitical and macroeconomic picture is fuzzy. Some funds that were planning to raise in H1 2025 are delaying to the second half of the year or even 2026. Limited partners (LPs) are asking the big question: Are they best served reducing or eliminating their portfolio allocation to healthcare? For example, the XBI index, an exchange-traded fund that tracks biotech stocks, has diverged from broader economic growth. In the past 12 months, the S&P 500 is up 12% while the XBI is down 10% as of June 30, 2025.

Nonetheless, **some recent public performances across the sectors combined with big money acquisitions may be a sign that the gears of the healthcare exit market are slowly turning.** There's also optimism that corporates with strong balance sheets will put their cash to work, opening up more opportunities.

Fund Freefall

US Healthcare VC Fundraising 2015-2025¹



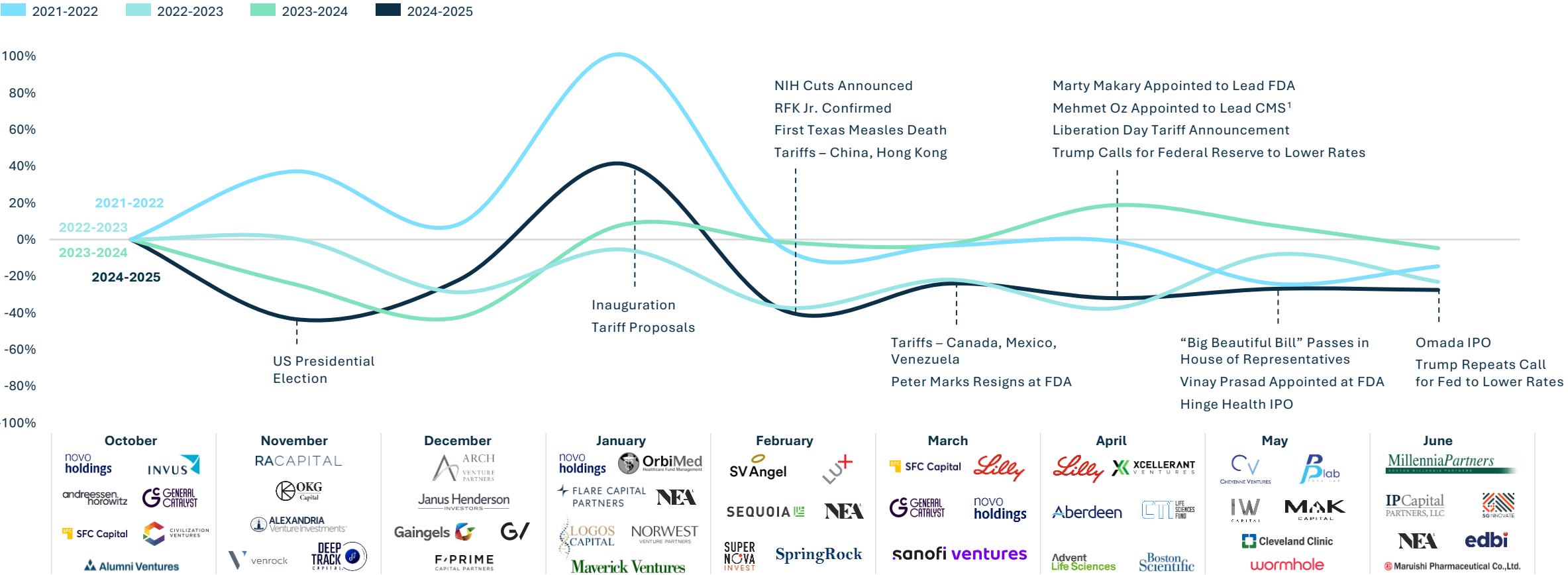
Notable Funds with Over \$100M Allocated to Healthcare Closed 2024-2025

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
| | | | | | | |

Notes: 1) Data as of 06/30/2025. 2) The methodology for this analysis has changed from previous reports to include funds that list healthcare-related sectors as a core area of focus. Estimates are based on weighted fund totals and anecdotal conversations with investors.
Source: PitchBook Data, Inc., Preqin and SVB proprietary analysis.

Roller-Coaster Year Less Fun Than Advertised

We looked at how new investor activity has changed from Q4 2024 to the end of Q2 2025, indexed to October. In this case, we focused exclusively on rounds with a new investor to see not just how investment activity has shifted, but also to try and identify who **the most active new investors** have been in these challenging months. To add some context, we did the same for the last four years, going back to October 2021. After a bigger than usual bump in January, activity has been consistently lower than expected. In fact, the trend since January for new investors is closer to the post-COVID-19 slump of 2023. Investments take months to close, meaning it's impossible to say there's a causal relationship between the events of the last nine months and the deals that closed. On the other hand, these are investors who didn't drop out of rounds or hold off on commitments.



Not Today, Maybe Not Tomorrow, but Soon

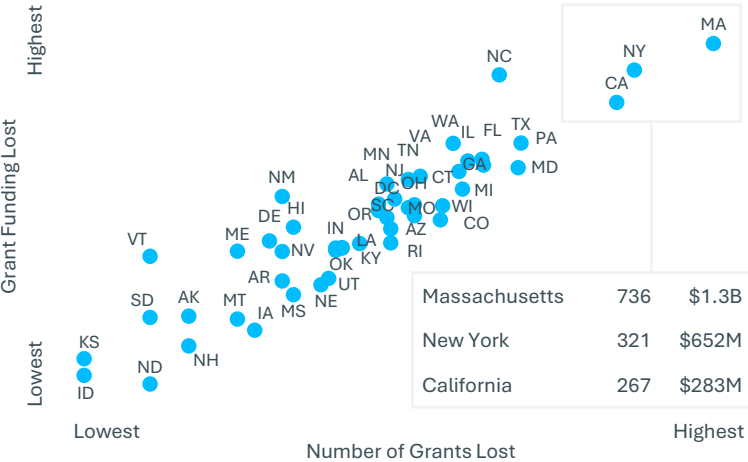
While tariffs have been the biggest piece of economic news this year, the healthcare impact looks relatively restrained, especially for Big Pharma. In guidance calls, companies have emphasized their work to stockpile major meds. Alternatively, they could use some of the large amount of unused pharmaceutical manufacturing capacity in the US.

The cuts to research from the National Institutes of Health (NIH) and National Science Foundation (NSF) have been more severe, but the impact on the innovation economy likely won't be seen immediately. Government research funding today leads to private sector investment tomorrow: We'll see the impact as gaps in innovation and a lack of companies a few years down the road.

Brain drain is a more immediate loss. Researchers and scientists are already trying to leave the US and are being courted by countries trying to build or jump-start their biopharma sectors.

Now, after a court order, about 900 grants are set to be reinstated. At the moment, the judicial order only reinstates the grants directly involved in the lawsuit. The possibility for appeals, stays, injunctions, and further delays remain. The only thing still certain is uncertainty.

Who Lost Biggest?
Ranking States by Share of Canceled NIH Funding and Number of Grants Canceled¹

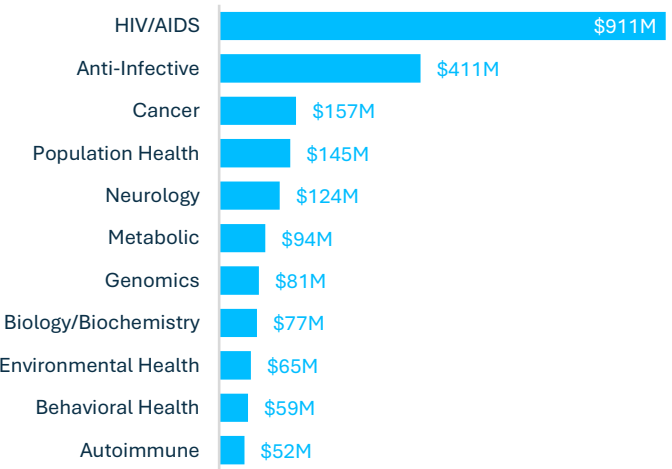


Or Are All of Us Losing?
NIH Projection of Losses to GDP and Future R&D Investment¹

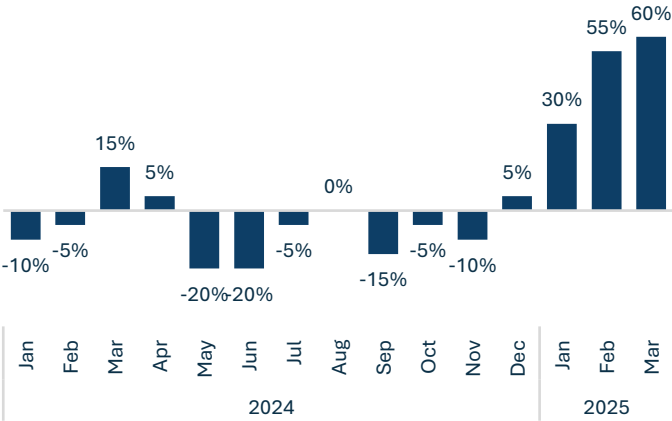
| | GDP | R&D Investment |
|-------------------|--------|----------------|
| HIV/AIDS | \$2.2B | \$7.6B |
| Anti-Infective | \$1.0B | \$3.4B |
| Cancer | \$387M | \$1.3B |
| Population Health | \$357M | \$1.2B |
| Neurology | \$305M | \$1.0B |
| Metabolic | \$232M | \$791M |

Notes: 1) These analyses include grants currently eligible for review by NIH and grants ordered reinstated in American Public Health Association (APHA) vs. NIH, but not formally reinstated by NIH as of 06/30/2025.
Sources: Nature, Preqin and SVB proprietary analysis.

What Lost Biggest?
Canceled NIH Funding¹ by Indication



Early Signs of Brain Drain
Percentage Change in Applications to International Research Postings Compared to US Q1 2024 Average



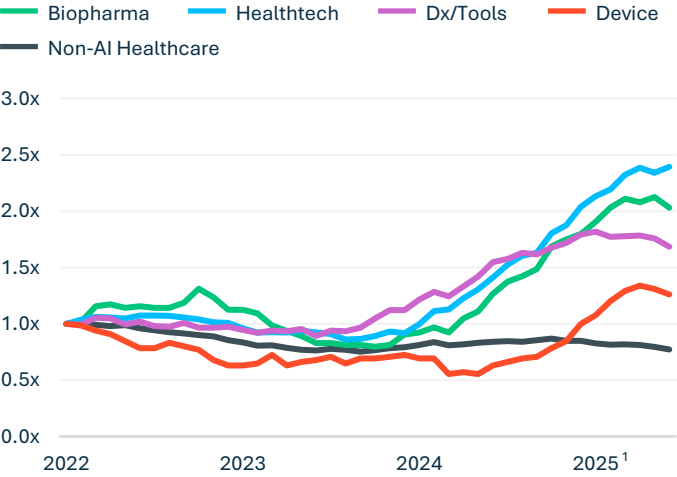
AI: Back-Office Hero

Touted as an innovation that will revolutionize healthcare, AI is making more impact as an administrative tool than a clinical one. **Instead of replacing physicians’ skills and expertise, most AI adoption is focused on reducing administrative burden and creating efficiencies.** Growth in AI deal activity for administrative use has far outpaced investment in research or clinical use in the past 12 months.

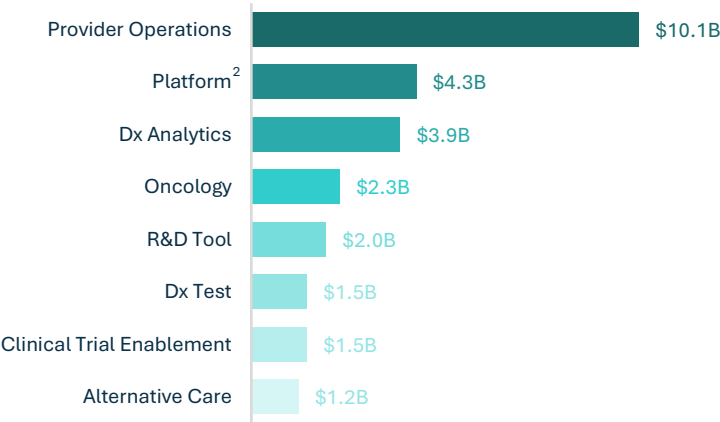
Still, AI activity in the healthtech sector continues to outpace all other sectors, including biopharma and Dx/Tools. **According to the American Medical Association’s 2025 AI Sentiment Research report, 66% of physicians use AI in their practices, up from 38% in 2023.**

AI will likely not be pigeon-holed into back-office use cases. There is still plenty of excitement for potentially revolutionary AI applications in healthcare, from speeding up the drug discovery process to improving diagnostic accuracy and patient outcomes. In fact, all sectors have seen significant growth in AI deal activity since 2022, while **deal activity has declined more than 20% for healthcare companies that do not leverage AI.**

Healthtech AI Takes a Strong Lead
Growth in Trailing Twelve Month (TTM) Healthcare AI Deal Activity by Sector

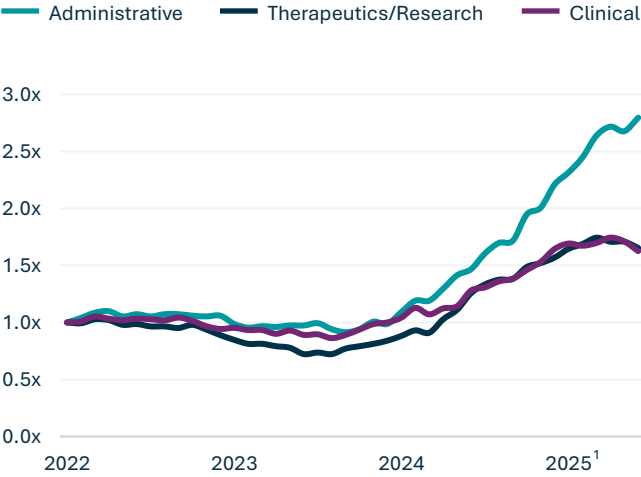


(AI)ding Efficiency in Provider Operations
2023-H1 2025¹ Indications Receiving the Most AI Dollars

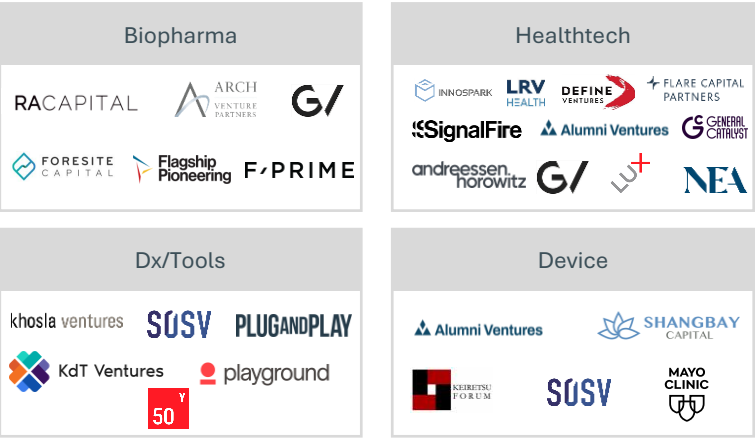


Notes: 1) 2025 data is as of 06/30/2025. 2) Companies designated as platform focus on multiple indications.
Source: American Medical Association, PitchBook Data, Inc. and SVB proprietary analysis.

Back-Office Front and Center for AI
Growth in TTM Deal Activity by AI Indication



De-Risking Healthcare AI
Notable AI Investors by Sector



Change in Real Time

Healthcare and life science investment has recovered after a drop in 2023, but that recovery hasn't hit every indication the same way. Healthtech has seen the biggest hits, with alternative care and provider operations showing the biggest drops in funding since 2022. On the other hand, wellness & education has seen one of the biggest upturns.

Unsurprisingly, weight loss drugs drove metabolic disease to the largest growth jump.

For the indications that have struggled, investment is increasingly focused on later-stage companies. Established names and proven models are more attractive when so many companies have struggled to scale and find profitability.

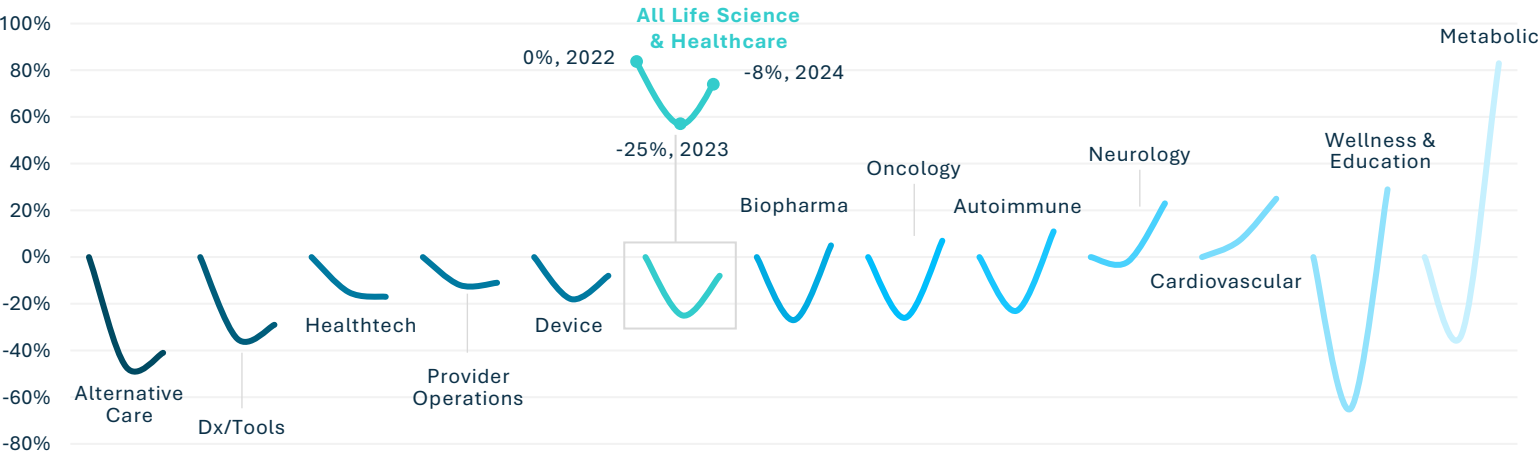
Indications that are growing are more heavily weighted to early-stage companies, but the barbell gap is increasingly evident. **Money going to Series B rounds has collapsed so far in 2025, down 53% since 2022.** For companies that raised early-stage rounds in a more forgiving environment but are looking for capital in one that's grown much more intense, pressure is growing.

It takes one to two years to identify, engage and activate those populations before you get them stabilized, before you see real cost reductions and improved outcomes. Five years ago, investors were much more willing to subsidize those losses. They're less forgiving in this current environment."

FLARE CAPITAL PARTNERS Michael Greeley
Co-Founder and General Partner
Flare Capital Partners

Up and Down and Up Again (Mostly)

Index: Private Investment Growth Relative to 2022 (US and Europe VC-Backed Companies) by Sectors and Indications

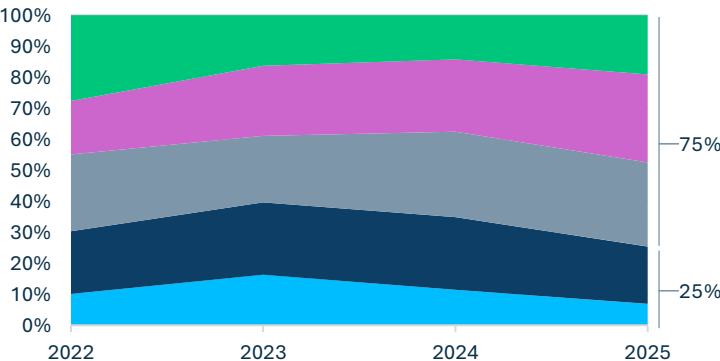


Growing Indications Are More Early-Stage Focused

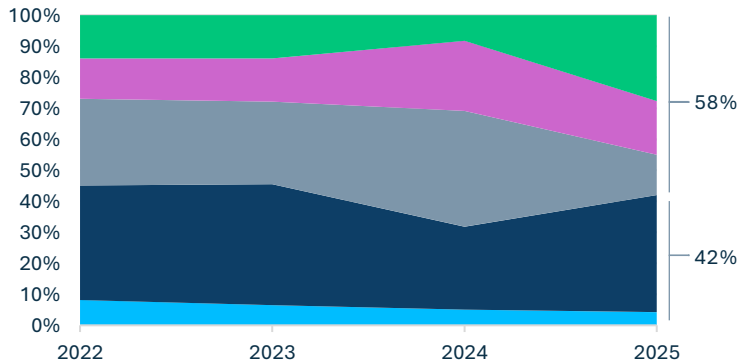
Investment Activity by Stage as a Percentage of Capital Invested¹

Seed Series A Series B Series C Series D+

Alternative Care and Provider Operations



Oncology, Autoimmune, Neurology, Cardiovascular, Wellness & Education, Metabolic



Notes: 1) All 2025 data is as of 06/30/2025.
Source: Pitchbook Data, Inc. and SVB proprietary analysis.

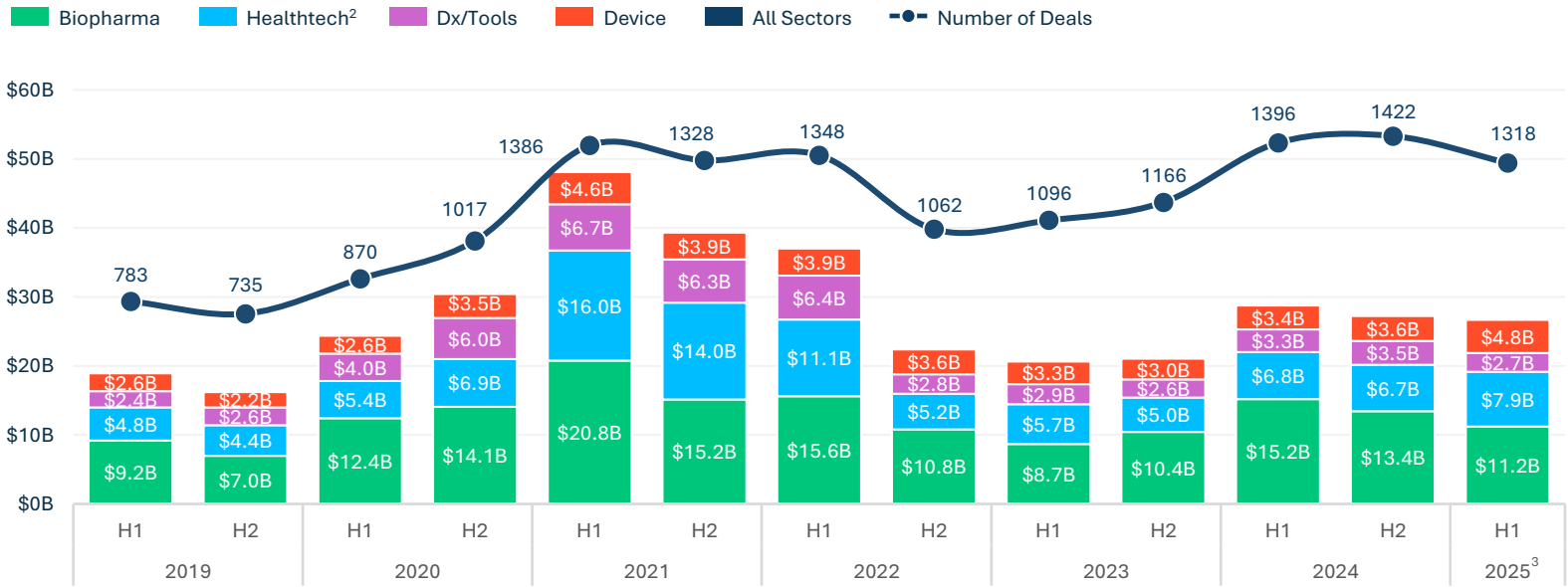
Searching For Good News

While fundraising is in freefall investors are still deploying funds, especially in healthtech. After a major drop-off from the telehealth-driven highs of 2021 and 2022, the sector is recovering thanks to AI and back-office software. Though it may not feel like it after a muted 2024 and facing macroeconomic uncertainty to start 2025, **healthtech accounts for almost a third of all healthcare investment — its largest proportion since 2021**. It still wasn't a booming half, though, meaning that despite the sudden fundraising cliff, VCs are probably still sitting on dry powder after raising big for the past three years.

Despite signs of improvement, the overall healthcare industry is facing significant headwinds. **Hospitals are struggling to handle an aging population that requires more services, with staff still experiencing high turnover and burnout**. VCs recognize the massive administrative burden that healthcare professionals are facing and are working to fill that gap.

In the life sciences, the momentum that the biopharma sector built in 2024 is trailing off in 2025. While public biopharma performance has struggled, M&A in the space remains strong. Device investment has stayed steady, even going back to 2021 when other sectors were experiencing explosive growth.

2025 Facing Headwinds Trying to Continue 2024 Momentum
US and European VC Dollars and Deals by Healthcare Sector¹



| | 2022 | | | 2023 | | | 2024 | | | H1 2025 ³ | | |
|-------------------------|------|--------|-------|------|--------|-------|------|--------|-------|----------------------|--------|-------|
| Sectors (\$B) | US | Europe | Total | US | Europe | Total | US | Europe | Total | US | Europe | Total |
| Biopharma | 22.5 | 3.9 | 26.4 | 15.4 | 3.7 | 19.1 | 22.5 | 6.1 | 28.6 | 8.6 | 2.7 | 11.2 |
| Healthtech ² | 12.8 | 3.5 | 16.3 | 9.6 | 1.1 | 10.7 | 12.0 | 1.5 | 13.6 | 6.2 | 1.7 | 7.9 |
| Dx/Tools | 7.5 | 1.6 | 9.2 | 4.0 | 1.5 | 5.6 | 5.2 | 1.6 | 6.8 | 1.9 | 0.8 | 2.7 |
| Device | 6.1 | 1.4 | 7.5 | 5.0 | 1.3 | 6.3 | 5.7 | 1.3 | 7.0 | 3.8 | 1.0 | 4.8 |
| Total ⁴ | 49.0 | 10.4 | 59.4 | 34.0 | 7.7 | 41.7 | 45.4 | 10.6 | 56.0 | 20.5 | 6.2 | 26.7 |

Notes: 1)) All deals either includes institutional venture investment, corporate venture investment or is equal to or greater than \$2M, regardless of investor. Dates of financing rounds are subject to change based on add-on investments. 2) Healthtech deals that overlap with Dx/Tools and device sectors are not included in healthtech totals on this slide, but they are included in healthtech-specific analyses on page 15. 3) All 2025 data is as of 06/30/2025. 4) Total rows and columns may not add up due to rounding or companies in stealth.
Source: PitchBook Data, Inc. and SVB proprietary data.



Investment by Sector

Biopharma Investment

A general feeling of uneasiness pervades the biopharma sector. The splash caused by GLP-1 drugs boosted investment and sentiment last year, but most of that economic value is funneling into just a few companies. Still, the rising valuations of Series A companies suggest a more optimistic future.

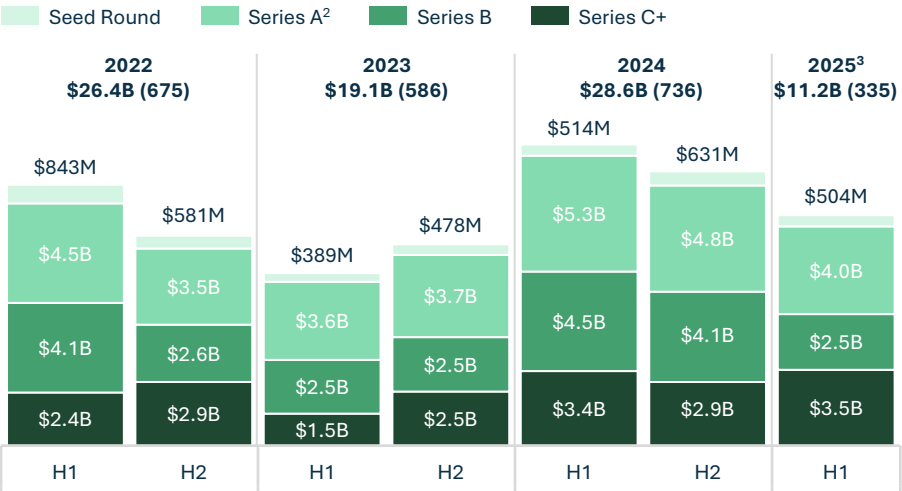
Series A valuations are up 40% since 2021, but this isn’t your typical Series A cohort. **Six of the seven notable Series A companies to the right have in-licensed or otherwise acquired rights to the drugs in their pipelines.**

Meanwhile, Series B has gotten increasingly complicated for many. Looser fundraising environments asked for Series A milestones that fall well short of current Series B expectations, and valuations are dropping in response. Series C+ has held up so far, but the lack of adequate returns for LPs has tested their commitment to the space, and **private capital will only be able to fill the void left by crossover and public investors for so long.**

Biopharma still needs large-scale improvements in the time it takes to bring drugs to market and the failure rate of clinical trials. AI can significantly improve the speed of drug discovery, but timelines can only be compressed so far. Producing biological data simply requires time that AI hasn’t shown it can shorten.

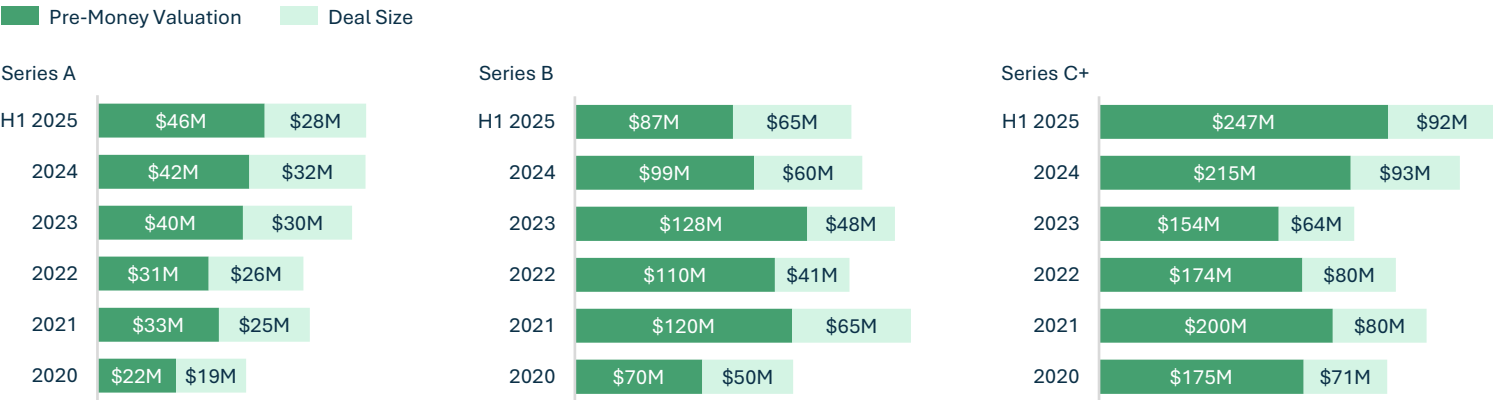
Squeezing Series B

US and Europe Biopharma Total Dollars (and Deals)¹



Late-stage Looking Good

Median Biopharma Valuations and Deal Sizes



Notable Biopharma 2025 Deals

| Series A | Later-Stage |
|--------------------------------|-----------------------------|
| Verdiva Bio \$411M | PATHOS \$365M |
| Kardigan \$300M | eikon therapeutics \$351M |
| Windward Bio \$200M | AVICEDA THERAPEUTICS \$208M |
| callio THERAPEUTICS \$187M | NUMAB \$200M |
| TIMBERLYNE THERAPEUTICS \$180M | abcuro \$200M |
| ANTARES \$177M | TUNE THERAPEUTICS \$182M |
| ThirdArcBio \$165M | ATSENA Therapeutics \$150M |

Notes: 1) All deals either includes institutional venture investment, corporate venture investment or is equal to or greater than \$2M, regardless of investor. Dates of financing rounds are subject to change based on add-on investments. 2) The Series A criteria used for this report has been updated from previous versions of this report. Investments are considered Series A if the deal is disclosed as such. 3) All 2025 data is as of 06/30/2025. Source: PitchBook Data, Inc. and SVB proprietary data.

Healthtech Investment

The AI boom continues, but with an unexpected leader.

Healthtech had a big half, beating late 2024 for its best since the first half of 2022. Unlike 2022, however, this isn't a clinical boom. It was driven by administrative tools like ambient clinical documentation, revenue cycle management (RCM) and data ops, and — most especially — software AI protein and drug design.

Policy changes at the Department of Health and Human Services (HHS) and the recently signed 2025 federal budget are going to have outsized impacts on healthtech. While Medicaid, SNAP and ACA programs will be hit hardest, there are Medicare impacts as well. The biggest Medicare cuts will come from automatic triggers in the 2010 PAYGO Act, dropping about \$500B from Medicare over the next 10 years.

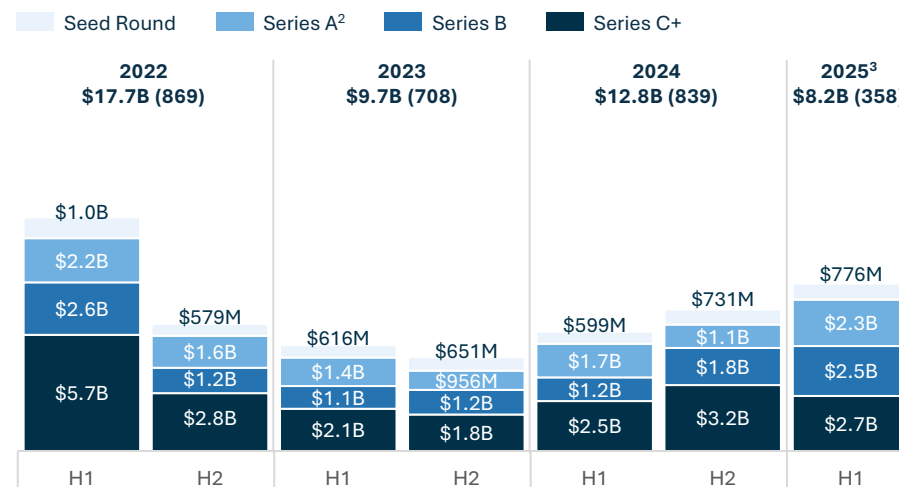
Medicare Advantage (MA) caused heartburn for payers in 2025, as unexpectedly high utilization combined with Biden-era crackdowns on overpayments. That said, announced rate increases should help things stabilize in 2025 and then rebound in 2026. MA has been an attractive market for VBC models and technology, as payers use tech solutions to attract enrollment and control costs. Healthtech players with a large number of MA contracts will be similarly impacted.

The combination Medicaid, home health, chronic care and specialty care cuts mean startups could be facing a difficult future. Potential changes to innovation programs like ACO REACH add extra uncertainty, although most believe they will continue in some form.

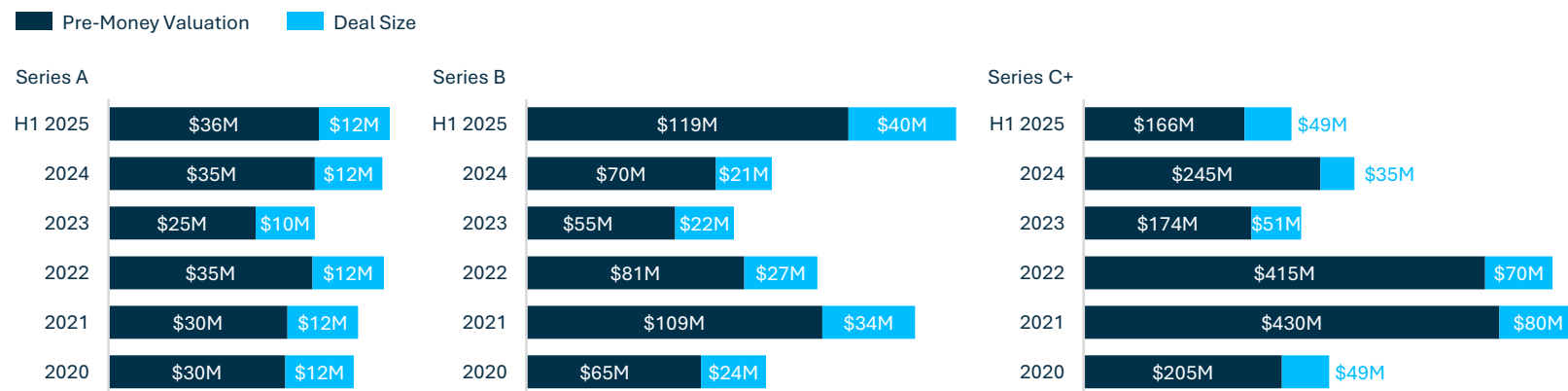


A Division of First Citizens Bank

Healthtech Keeps Growing US and Europe Healthtech Total Dollars (and Deals)¹



Deal Sizes Jumping Mid and Late Median Healthtech Valuations and Deal Sizes



Notes: 1) All deals either includes institutional venture investment, corporate venture investment or is equal to or greater than \$2M, regardless of investor. Dates of financing rounds are subject to change based on add-on investments. 2) The Series A criteria used for this report has been updated from previous versions of this report. Investments are considered Series A if the deal is disclosed as such. 3) All 2025 data is as of 06/30/2025.

Source: PitchBook Data, Inc. and SVB proprietary data.

Notable Healthtech 2025 Deals

| Series A | Later-Stage |
|--------------------------------|------------------------------------|
| Isomorphic Laboratories \$579M | TRUVETA \$320M |
| OpenEvidence \$75M | ABRIDGE \$316M |
| inspiren \$35M | innovaccor \$275M |
| Truemed \$33M | AMBOSS \$250M |
| bluebird kids health \$32M | Function \$200M |
| AVELIOS MEDICAL \$31M | commure \$200M |
| Freed \$30M | Hippocratic AI — Do No Harm \$141M |

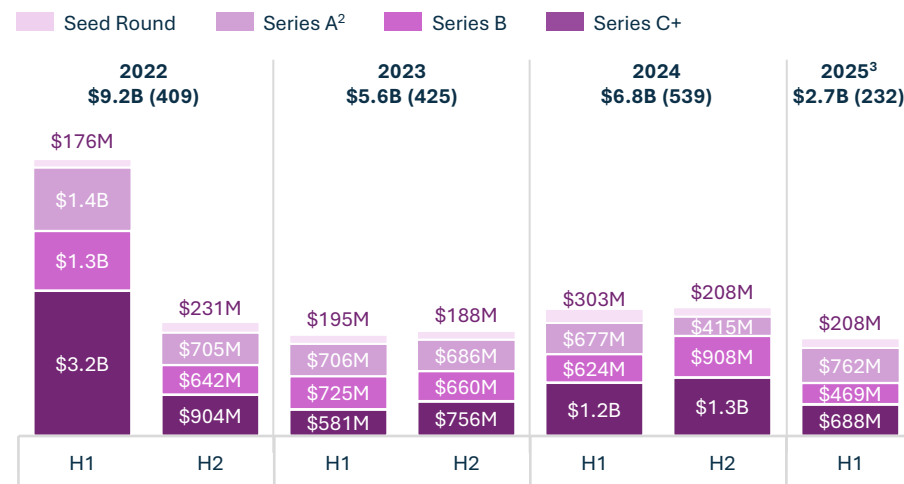
Dx/Tools Investment

The Dx/Tools sector is showing a few silver linings in private investment. **While deal activity is off of 2024's pace, we have seen significant improvement in valuations and deals sizes in the early-stage.** AI is helping. Companies claiming to use AI are valued 65% more than the median valuation of those that don't. **So far in 2025, half of all dollars going to Dx/Tools companies are going to those that leverage AI.**

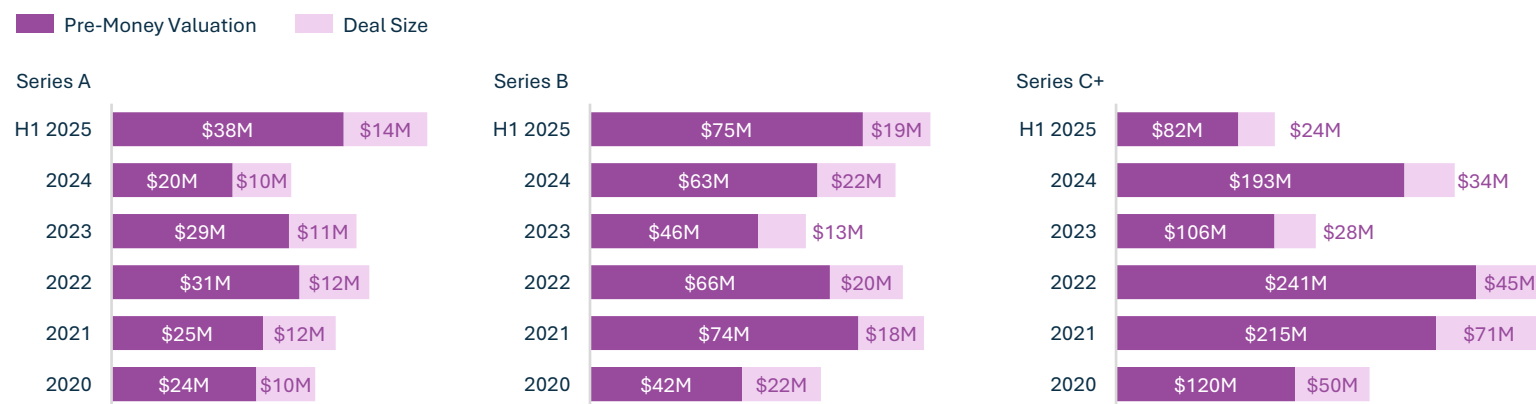
Investors are showing interest in tests for minimal residual disease (MRD). These tests are used after treatment to measure trace amounts of cancer cells that aren't detected by standard tests. This helps not only assess the treatment's effectiveness, but also predicts the risk of recurrence. **In the private sector, companies like Adela are making a splash, raising nearly \$140M since 2021.**

By establishing new billing codes for procedures and lab testing, trailblazers in a space can create a much more hospitable environment for newer startups to flourish. In MRD and genetic testing, for example, Natera has gotten a number of new CPT and PLA codes approved. Billing in healthcare is hard at the best of times, but having codes that can be applied to new technology is a strong positive signal for both investors and markets.

Tides Always Recede Before a Tsunami, Right? US and Europe Dx/Tools Total Dollars (and Deals)¹



Things Are Looking Up for Early-Stage Median Dx/Tools Valuations and Deal Sizes



Notes: 1) All deals either includes institutional venture investment, corporate venture investment or is equal to or greater than \$2M, regardless of investor. Dates of financing rounds are subject to change based on add-on investments. 2) The Series A criteria used for this report has been updated from previous versions of this report. Investments are considered Series A if the deal is disclosed as such. 3) All 2025 data is as of 06/30/2025.
Source: PitchBook Data, Inc. and SVB proprietary data.

Notable Dx/Tools 2025 Deals

| Series A | Later-Stage |
|------------------------|----------------------|
| BAYLOR GENETICS \$102M | NEKO \$260M |
| Quibim \$50M | colossal* \$200M |
| BIOP TIMUS \$41M | Geneoscopy \$105M |
| vivodyne \$40M | anumana \$95M |
| Portal \$35M | Stellaromics \$80M |
| TAHOE \$35M | visby medical™ \$55M |
| VerAvanti \$32M | PROSCIA \$50M |

Device Investment

The device sector keeps churning along, but it hasn't benefited from AI enthusiasm the way healthtech has. With a growing number of billable codes and a new level of support (only nice, cheap words for now, but it's still encouraging) from HHS and RFK Jr. to encourage the use of health monitoring wearables, we could see renewed interest in the devices market.

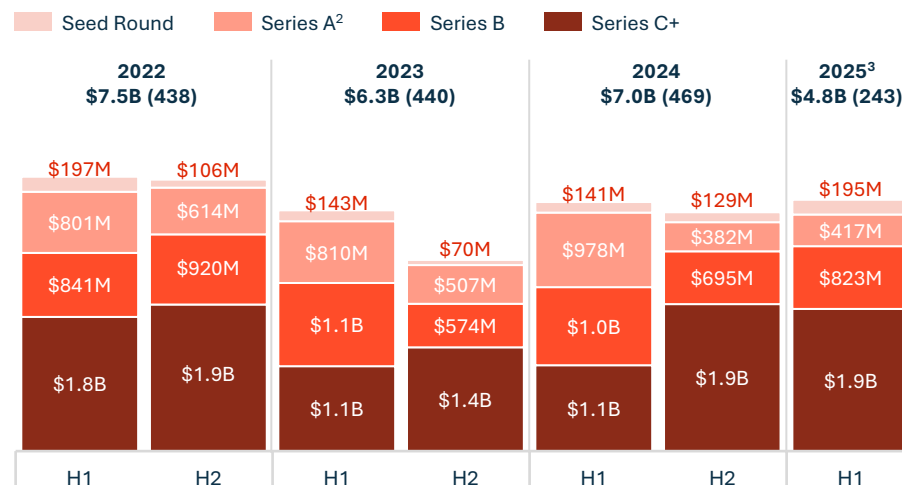
On the other hand, it's not like we're seeing a surge of other encouraging signals in the wearable space. Cuts to MA and Medicaid won't help either.

Led by Neuralink, brain-control interface (BCI) companies scored the biggest deals in both the Series A and later-stage groups. Echo Neurotechnologies combines strong backing from Andreessen Horowitz with a founder who already had success with neural implantation at UCSF, meaning **competition in the BCI space is getting even hotter after a big 2024 from companies like Precision Neuro and Blackrock Neurotech.**

AI surgical robotics may end up being the other winner in the device space. While the capital investment for surgical robotics is huge, **a minimally invasive surgical robot that can fit in the smaller footprint of an ambulatory surgical center would open up a whole new sector of very enthusiastic buyers.**

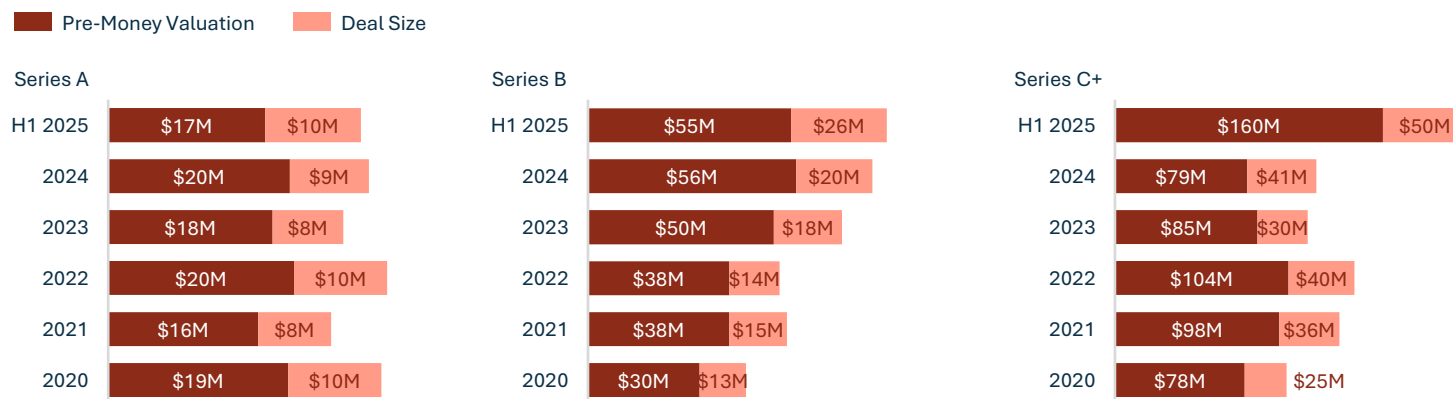
Going Steady

US and Europe Device Total Dollars (and Deals)¹



Deal Sizes Improve Across the Board

Median Valuations and Deal Sizes



Notes: 1) All deals either includes institutional venture investment, corporate venture investment or is equal to or greater than \$2M, regardless of investor. Dates of financing rounds are subject to change based on add-on investments. 2) The Series A criteria used for this report has been updated from previous versions of this report. Investments are considered Series A if the deal is disclosed as such. 3) All 2025 data is as of 06/30/2025.

Source: PitchBook Data, Inc. and SVB proprietary data.

Notable Device 2025 Deals

| Series A | Later-Stage |
|--|--|
| <div>echo NEURO TECHNOLOGIES \$50M</div> <div>Field Medical \$40M</div> <div>See All \$33M</div> <div>ROBEAUTE \$28M</div> <div>ceek WOMEN'S HEALTH \$20M</div> <div>PHANTOM NEURO \$19M</div> | <div>NEURALINK \$650M</div> <div>CMR SURGICAL \$200M</div> <div>FIRE1 \$120M</div> <div>prenuvo \$120M</div> <div>Supira MEDICAL \$120M</div> <div>SETPOINT MEDICAL \$115M</div> <div>biolinq \$100M</div> |



Spotlight: China and Cross-Border Transactions

The Chinese Pivot

China has established itself as a force in global biotech, with structural advantages in cost, development speed, and regulatory efficiency. In 2025, upfront value from China-related licensing deals has surpassed all of 2024, marking a **nearly 2.5x increase over 2022 spending**.

The sustainability of this pace remains an open question. Many assets fueling current deal flow were incubated during more favorable capital markets. Geopolitical tensions aren't a meaningful headwind to dealmaking yet, but they remain a looming risk. Still, **China is both a source of novel innovation and a uniquely efficient ecosystem for advancing well-characterized targets**.

As China's VC bubble began to deflate in 2022, biotech companies increasingly pivoted toward cross-border licensing for capital. This offers compelling opportunities such as data-rich programs backed by high-quality science, often focused on well-validated targets with streamlined clinical execution, that align with growing demand among global pharma and VCs for de-risked, capital-efficient development opportunities.

Now, Western capital allocators and emerging biopharma companies are rethinking strategy, whether by leaning into riskier first-in-class innovation, sharpening IP positioning, or forging deeper cross-border partnerships to harness China's cost and speed advantages.

“This type of activity has yet to be cracked down on the way other transactions with China have.”



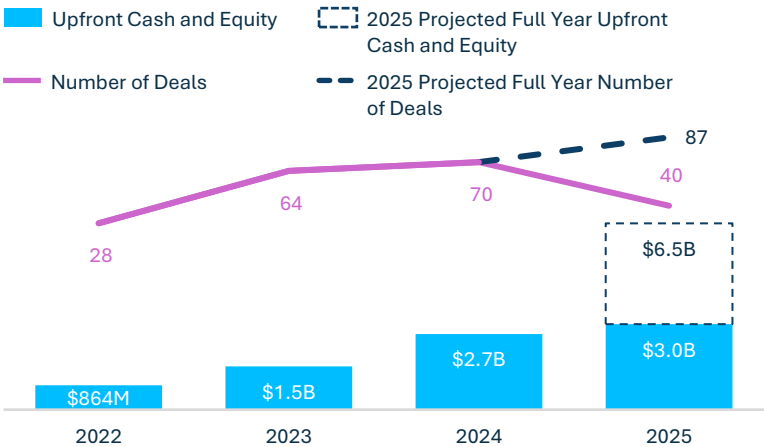
Jim Sergi
Founder & President,
QNova LifeSciences



A Division of First Citizens Bank

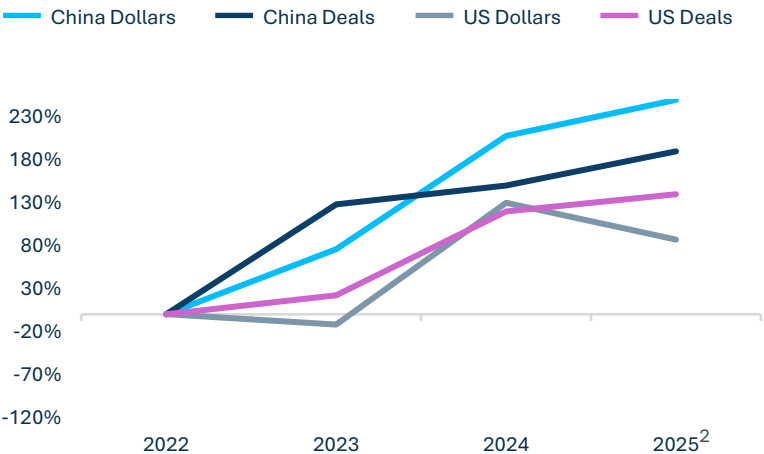
Getting Big So Fast These Days

Biopharma Licensing Deals from China and Hong Kong by Number of Deals and Upfront Cash and Equity¹



The Pot Is Growing ... So Far

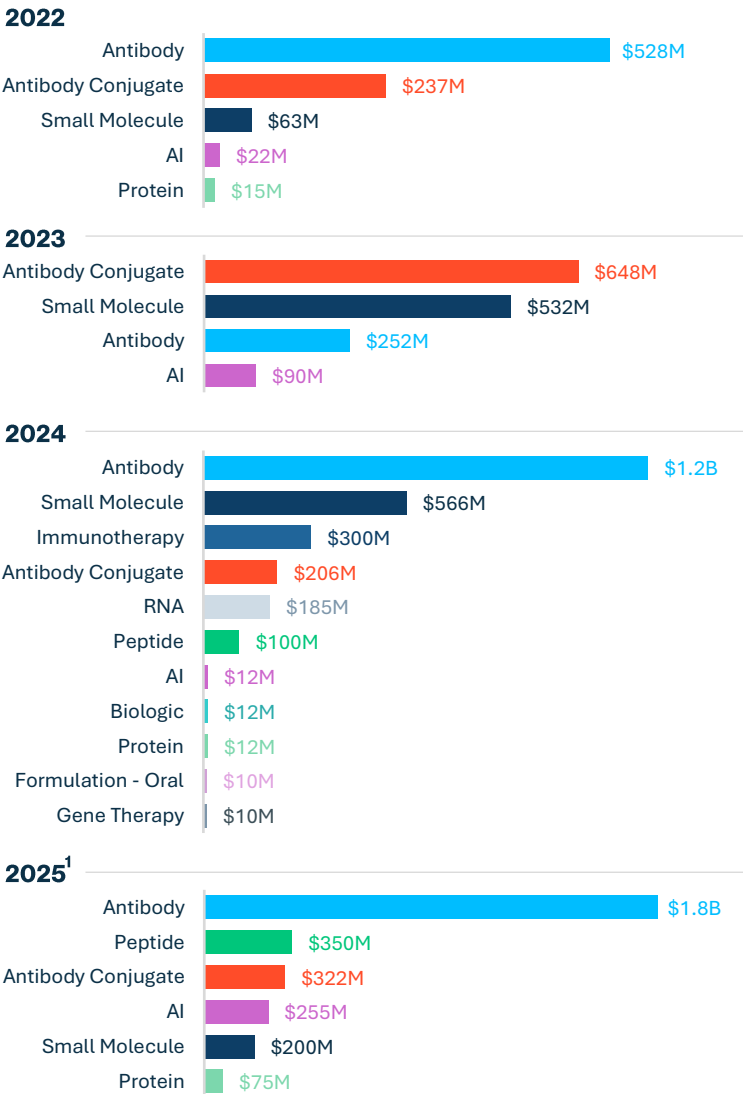
Index: Growth Since 2022 in US Biopharma M&A and Chinese and Hong Kong Licensing by Number of Deals and Total Spent



Notes: 1) 2025 data is as of 6/30/2025 2) 2025 numbers projected to full year.
Source: DealForma, PitchBook Data, Inc. and SVB proprietary data.

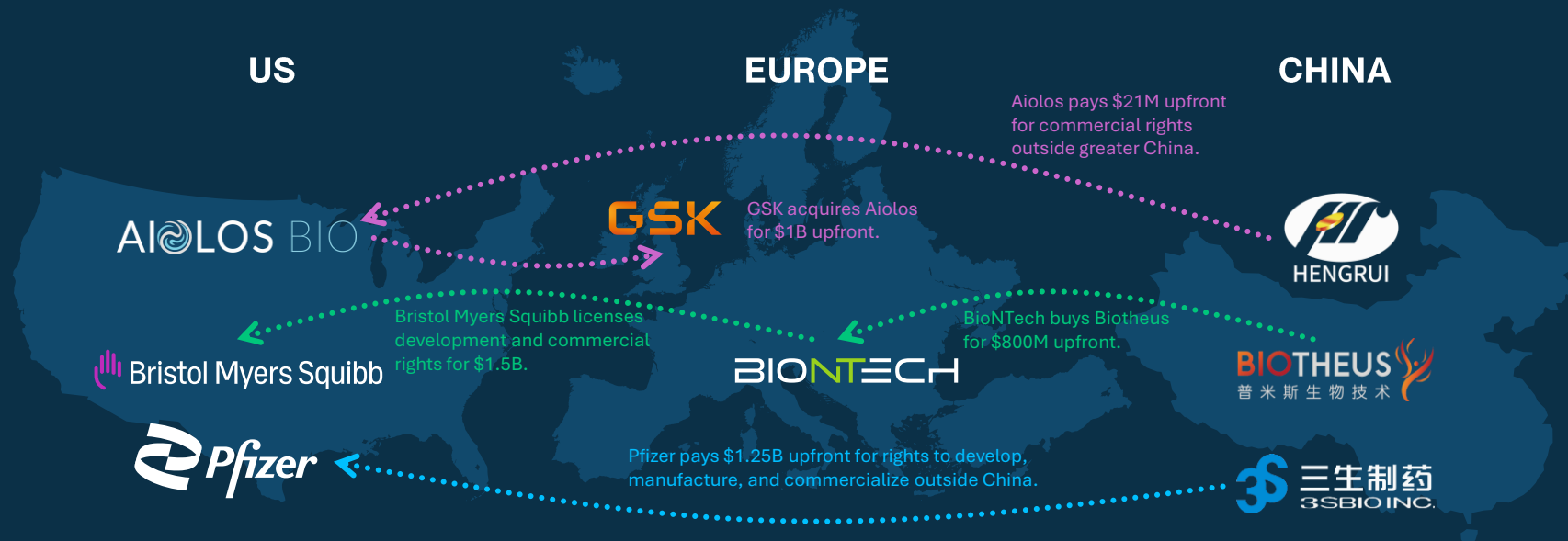
Everything Is Bigger Now

Primary Tech of Chinese and Hong Kong Licensing Deals by Upfront Cash and Equity



Three Strategies to Bring Chinese Patents to the West

Crossing continents and oceans, assets originating in China are finding homes in the West through partnerships and acquisitions. With cheaper and faster clinical trials relative to the West, China is taking full advantage of this arbitrage opportunity. Pure innovation in China is picking up as well, alongside innovating on top of existing assets. When Summit Therapeutics first licensed ivonescimab from Akeso in 2022, it kicked off a furious arms race for PD-1/VEGF bispecific antibodies. Chinese companies have produced four of the highest potential drugs in this category over the last three years. For the Western market, taking a look at recent assets that made the journey can give a glimpse into strategies that have been successful in a challenging macro environment.



VC-Backed Startup Licenses and Sells

SHR-1905: An anti-TSLP monoclonal antibody for the treatment of asthma.

In 2023, **Hengrui** sold worldwide development and commercial rights outside Greater China for SHR-1905 to **Aiolos Bio** (formerly One Bio). The upfront payment was \$21M with \$1B in milestone and development payments. In February 2024, UK-based **GSK** acquired Aiolos with an upfront payment of \$1B and \$400M in milestones.

From 2022 to 2025 YTD, at least 10 companies were formed exclusively around assets licensed from China. In that group, the seven disclosed rounds raised \$1.8B, while paying \$312M upfront to the licensor.

Buy and License

BNT-327: A bispecific antibody targeting PD-L1 and VEGF-A, for the treatment of multiple solid tumors.

Biotheus, the developer of BNT-327, was acquired by Germany-based **BioNtech** in February 2025 for \$800M upfront and \$150M in milestones. In 2025, **Bristol Myers Squibb** was granted exclusive worldwide rights to develop and commercialize BNT-327. The deal included \$1.5B upfront and \$9.6B in milestone and non-contingent payments.

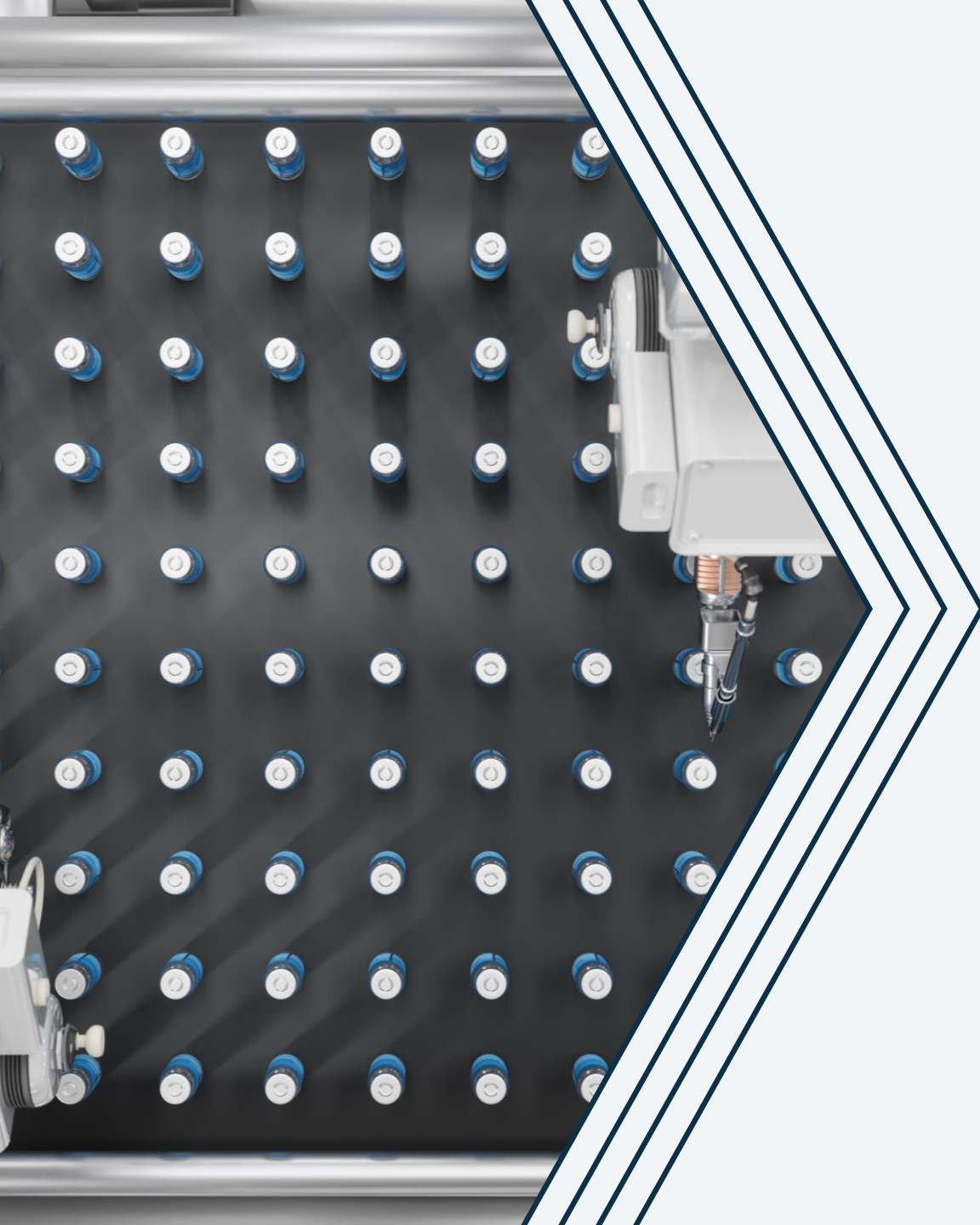
Relative to Western peers, Chinese assets trade at a 30-50% discount and upfront cash is roughly half of equivalent payments.

Big Pharma Licenses Directly

SSGJ-707: A bispecific antibody targeting PD-1 and VEGF for the treatment of non-small cell lung cancer, metastatic colorectal cancer and gynecological tumors.

3SBio granted **Pfizer** exclusive worldwide (excluding China) rights to develop, manufacture and commercialize its SSGJ-707. For this May 2025 deal, 3SBio received \$1.25B upfront as well as \$100M equity investment and \$4.8B in milestones, plus royalties.

Of the China-to-the-West licensing transactions found since 2022, 30% were by private biotechs, 38% by small- and mid-cap biotechs, and 31% by large pharma. US licensees accounted for 62% of the volume and EU 37%.




Spotlight: Corporate Venture Capital in Biopharma


Talk to Corporate

Over the last decade, corporate venture capital (CVC) has become a cornerstone of biopharma innovation. Since the drop in investment in 2023, **CVC-backed companies have had a much smoother path than companies without a CVC on board.** In particular, Big Pharma has increasingly turned to startups for access to cutting-edge science, insight into emerging trends, and future partnerships or acquisitions.

As the race to bolster pipelines and identify the next wave of blockbuster technologies continues, CVCs are jumping in at earlier stages — including seed/Series A rounds and company formation. However, they’re still staying active at the later-stage as crossover investors continue to be selective and IPO timelines stretch. CVCs are leveraging venture investing to place strategic bets in core areas like oncology or immunology, as well as exploring opportunities that might be R&D priorities down the road.

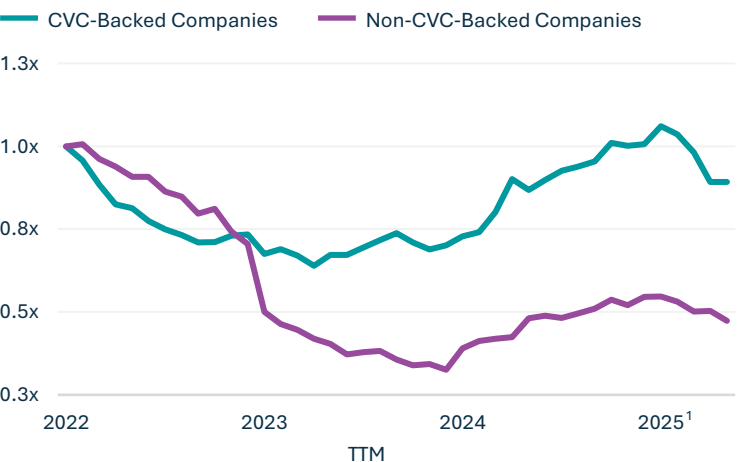
CVC involvement appears to go beyond capital and strategic insights. **Companies with CVCs in the syndicate appear to raise larger rounds and command equal or better pre-money valuations than those without.** The data reinforces the conventional wisdom that CVC participation acts as a powerful signal to the market, validating science and boosting investor confidence.

 This is a period where corporates can really shine and lean in since they’re less restricted by standard fund constraints. There’s great science, and innovation has never been better, so corporates can be a big support system for the industry.”

 Jason Hafler
Managing Director, Sanofi Ventures

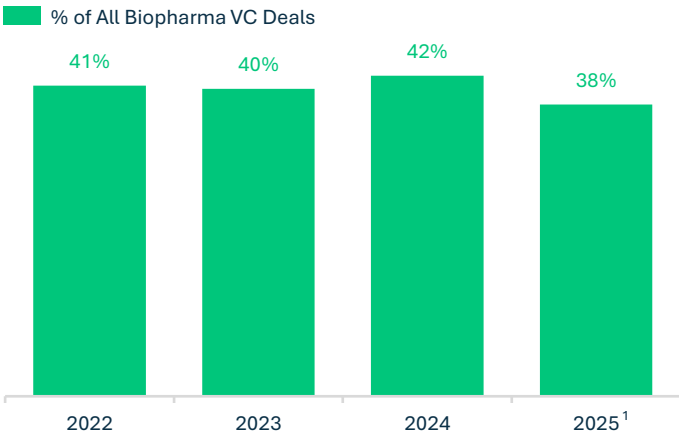
Steady Through Chaos

Index: TTM Biopharma Investment Growth



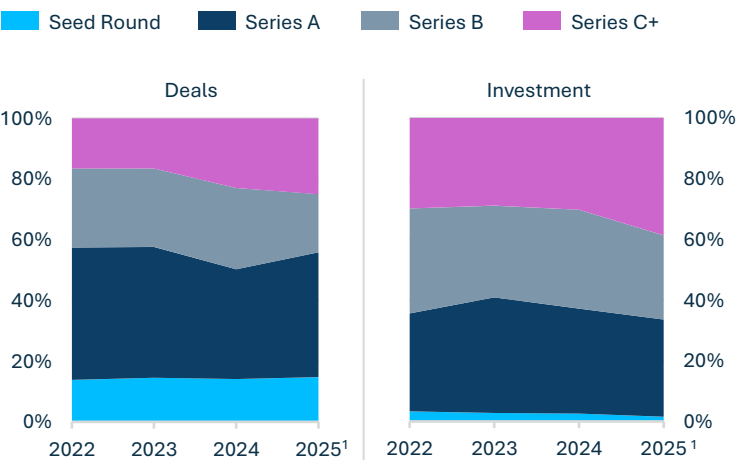
Corporate Consistency

% of Biopharma Deals That Are CVC-Backed Companies



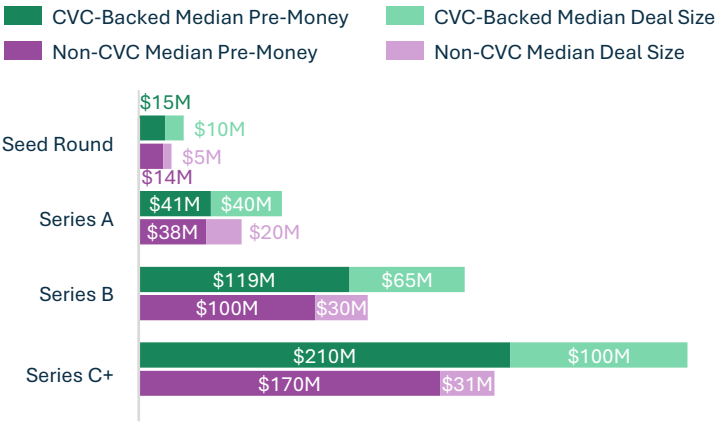
Another Barbell in Deals

CVC Biopharma Activity and Investment by Stage



It Pays to Have Backing

2022-2025¹ Median Biopharma Pre-Money Valuations and Deal Sizes for Companies With a CVC Backing by Series



Notes: 1) All 2025 data is as of 05/31/2025.
Source: PitchBook Data, Inc. and SVB proprietary data.

Deal or No Deal

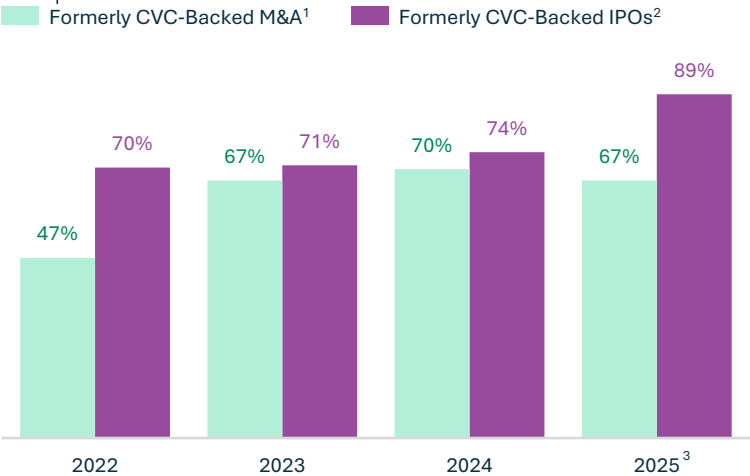
In biotech, the path to exit often leads to Big Pharma. But having corporate involvement earlier in a company’s financing journey can increase the odds of a successful outcome — whether as an IPO or an acquisition. **Since 2022, over 70% of venture-backed companies that went public and more than 60% of venture-backed companies that were acquired had corporate backing.** Clearly, data suggests that having a corporate in your corner is a good thing.

So far this year, corporates have favored smaller bolt-on acquisitions, with private M&A values staying below \$1.5B. Interest has not been limited to late-stage assets though, with acquirers showing interest in Phase 1 and pre-clinical drugs. AbbVie has emerged as the most active acquirer of venture-backed companies since 2022, completing six M&A deals valued between \$250M and \$1.4B. Novartis (four), Eli Lilly (three), GSK (three), and Roche (three) followed closely behind. **While much of this year’s M&A has centered on oncology, recent deals signal growing interest in rare diseases, immunology and neurology.**

Corporates have also capitalized on sluggish valuations in the public markets. The second quarter saw a flurry of public acquisitions announced, including Blueprint Medicines, Verve Therapeutics, SpringWorks and Sage Therapeutics — equating to a combined \$15B in total deal value. This is a good sign for the back half of the year and continued acquisition appetite.

CVC-Backed Cos Finding the Exits

Proportion of Biopharma Exits That Are Formerly CVC-Backed Companies



What Was the Big Deal?

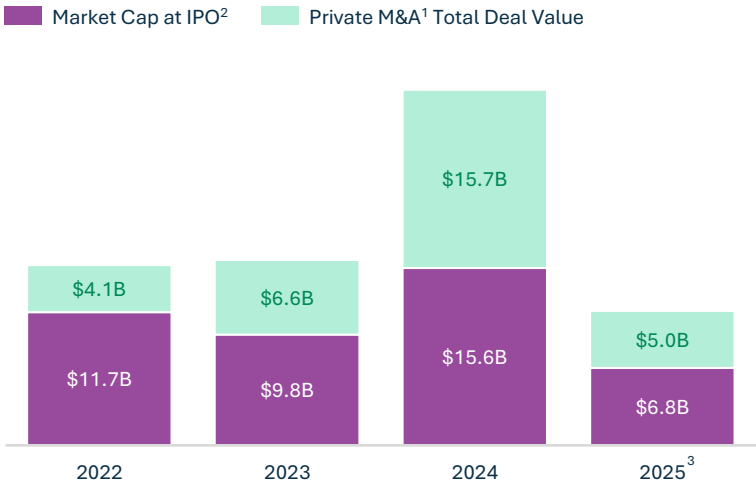
2024-2025³ Notable Biopharma Private M&A¹ for Formerly CVC-Backed Companies

| Company | Exit Amount | Phase at Exit | Acquirer |
|----------------------|-------------|---------------|--------------|
| CARMOT THERAPEUTICS | \$3.3B | Phase 2 | Roche |
| EyeBio | \$3.0B | Phase 1b/2a | MERCK |
| ALIADA | \$1.4B | Phase 1 | abbvie |
| IDR _x | \$1.2B | Phase 1/1b | GSK |
| Cardior | \$1.1B | Phase 2 | novo nordisk |
| SITEONE THERAPEUTICS | \$1.0B | Phase 2 Ready | Lilly |

Notes: 1) Private M&As with a minimum \$75M deal size. 2) IPOs with a minimum \$25M deal size. 3) All 2025 data is as of 05/31/2025.
Source: PitchBook Data, Inc. and SVB proprietary data.

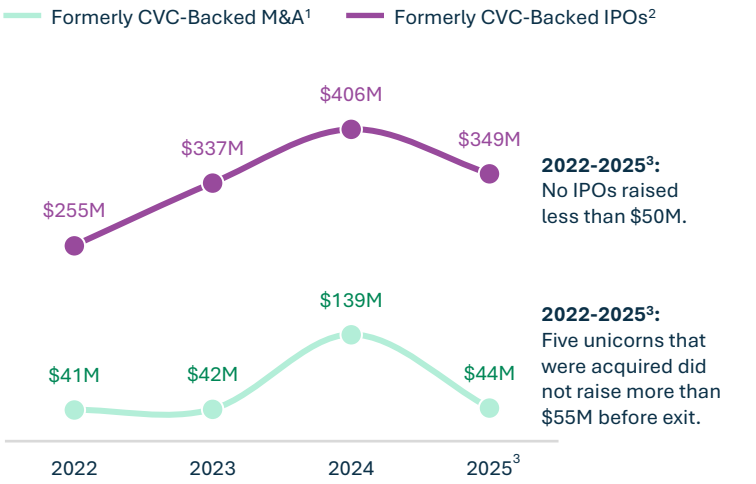
That’s Billion With a ‘B’

CVC-Backed Biopharma Exit Value by Year



Quality and Quantity

Median Biopharma Raised to Date at Exit





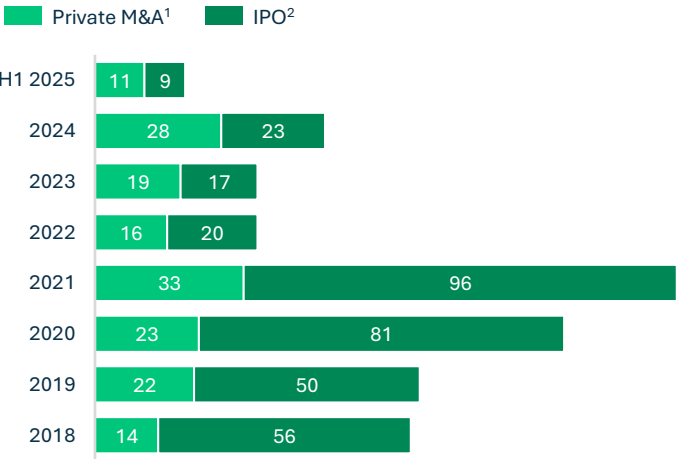
Healthcare Exits: M&A and IPO Trends

Biopharma Exits

The comedown from the pandemic market highs of 2021 has been especially rough for biopharma public companies. IPOs, mostly international, slowly trudge into a public market that is not as forgiving as it used to be. From 2012 to 2021, biopharma was outperforming most sectors, as the XBI was up 340% during that time. Since the start of 2022, that same index is down 19%. With much of the rest of the market continuing to be in the green, **long-term investors are moving money where they are finding better performance.** This is not only hurting investor sentiment, but it is also contributing to biopharma’s underperformance and making it tough to keep generalist investors in the space.

While there has been some doom, it is not all gloom in the biopharma exits market. Facing a high cost of capital, potential rate cuts in the second half of 2025 could reignite investor sentiment in the biopharma space. With recent announcements like AbbVie acquiring Capstan Therapeutics for \$2.1B, we look forward to more positive action in the second half of the year. Projecting forward, 2025 looks ready to beat 2023 totals in M&A, putting it squarely in line with pre-pandemic M&A trends. If activity in the second half does pick up steam, it wouldn’t take much for this to be the fourth year in a row of growth in M&A totals.

2025 Still Waiting to Break Out Biopharma Private M&A Deals and IPOs

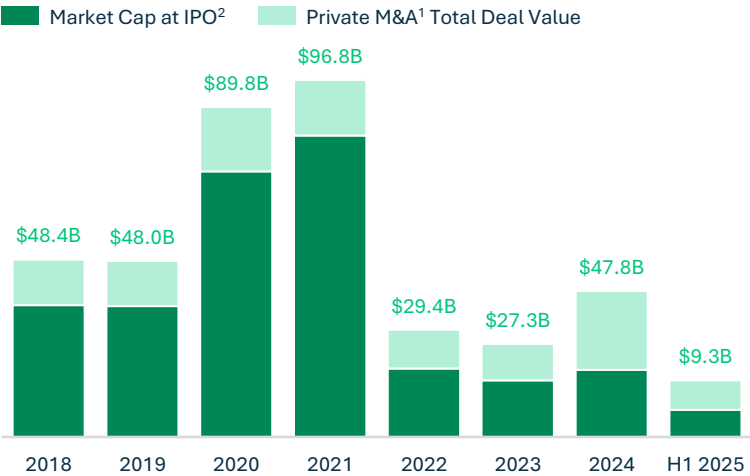


Metabolic IPOs Showing Up (and Down) 2025 Biopharma IPOs by Initial Market Cap

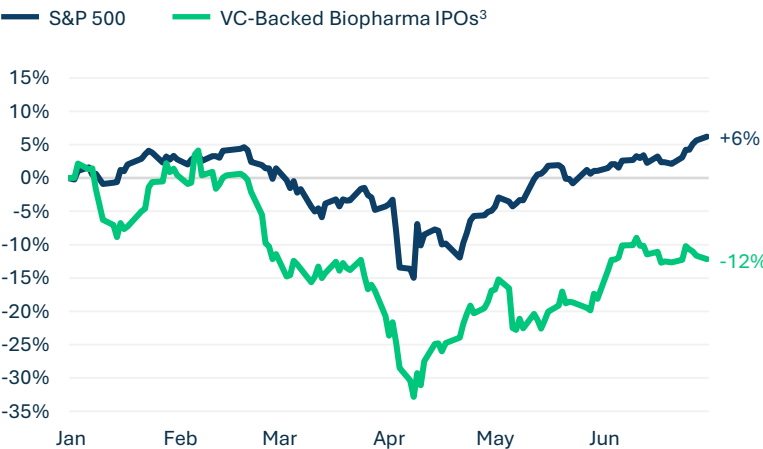
| | Metsera ⁺ | DualityBio 康恩生物 | VISEN |
|----------------------------|----------------------|-------------------------|------------------------|
| SVB Indication | Metabolic | Oncology | Metabolic |
| Stage at IPO | Phase III | Phase III | Phase II |
| IPO Price per Share (Date) | \$18 (01/31/2025) | \$12.20 (04/15/2025) | \$8.76 (03/21/2025) |
| Market Cap at IPO | \$1.9B | \$1.0B | \$1.0B |
| Price +/- | 59% | 147% | -58% |
| Market Cap as of 6/30/2025 | \$3.0B | \$2.7B | \$657M |

Notes: 1) Private venture-backed M&As with a minimum \$75M deal size. 2) IPOs with a minimum \$25M deal size. 3) Stocks for Biopharma companies that went public from 2015 to H1 2025. Performance measured by change in index value as of 06/30/2025 compared with S&P 500 performance.
Source: PitchBook Data, Inc., S&P Capital IQ and SVB proprietary data.

Where Did the Momentum Go? Biopharma Exit Values by Year



Biopharma Public Performance Formerly VC-Backed Public Biopharma Index: Global H1 2025 Performance³



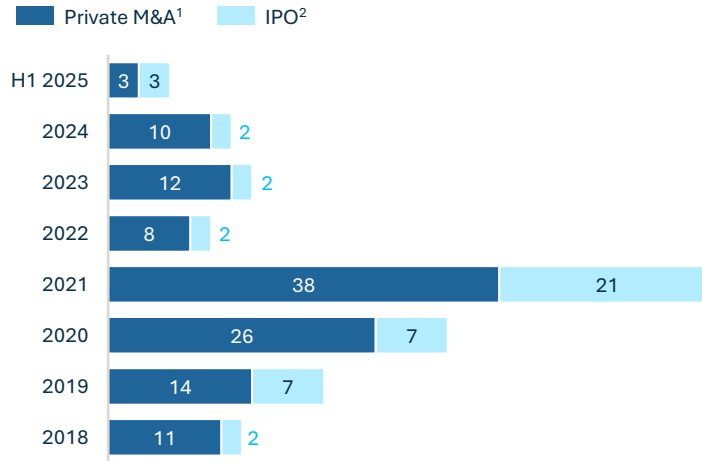
Healthtech Exits

Two long-awaited IPOs in healthtech gave us a study in contrasts. Hinge Health and Omada both launched strongly and both dipped in the turmoil of June. But while Hinge jumped back to a 20% premium by the end of the half, Omada has lost almost exactly the same percentage. **Despite decent results by other recent IPOs, poorly performing companies that went public over the last decade are still weighing down performance.** If geopolitical turmoil and long-term underperformance hold companies back from going public, it may be another year before IPO markets unlock.

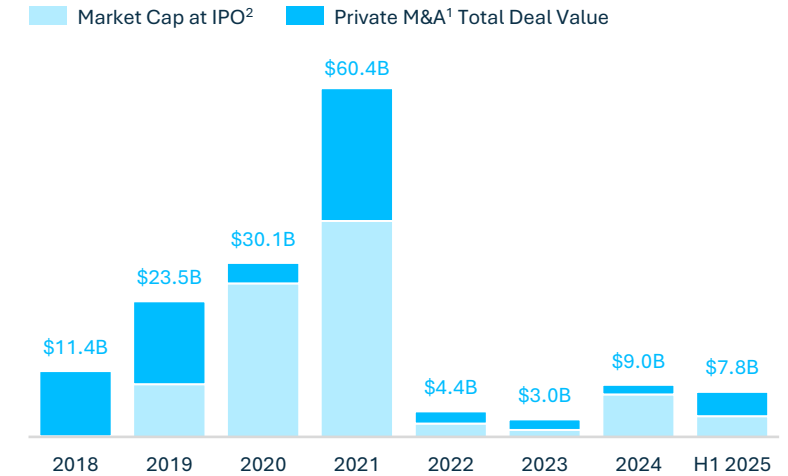
More than half of all purchases came out of private equity (PE), as PE firms continue to try to find the right matches within healthcare. But it's still been a high-dollar half, **with almost as much spent on private M&A so far in 2025 as the past three years combined.**

Expanding beyond just private M&A gives perspective on where buyers are looking. **Both PE and strategic buyers have been tightly focused on operational and administrative software in 2025, not clinical care.** From Cotiviti's acquisition of Edifecs to the acquisitions of Modernizing Medicine, Access Healthcare and CentralReach by various private equity firms, **more than \$10B was spent on electronic health records, revenue cycle management, and other tools.**



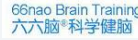
Low Volume ... Healthtech Private M&A Deals and IPOs



... But High Value Healthtech Exit Values by Year



A Tale of Three Balance Sheets 2025 Healthtech IPOs by Initial Market Cap

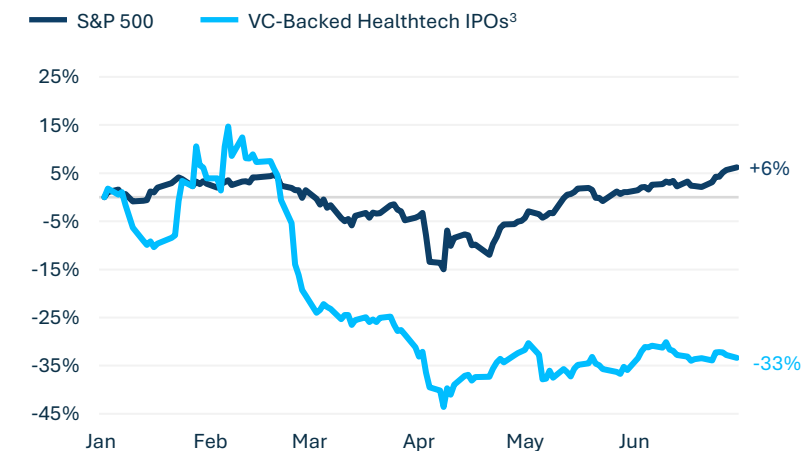
| |  Hinge Health™ Every body moving. |  omada |  66nao Brain Training 六六脑科学健脑 |
|----------------------------|---|---|---|
| SVB Indication | Alternative Care | Alternative Care | Platform |
| IPO Price per Share (Date) | \$32 (05/22/2025) | \$19 (06/06/2025) | \$0.22 (01/06/2025) |
| Market Cap at IPO | \$2.6B | \$1.1B | \$524M |
| Price +/- | 23% | -7% | 109% |
| Market Cap as of 6/30/2025 | \$3.8B | \$1.0B | \$1.1B |

Notes: 1) Private venture-backed M&As with a minimum \$25M deal size. 2) IPOs with a minimum \$25M deal size. 3) Stocks for Healthtech companies that went public from 2015 to H1 2025. Performance measured by change in index value as of 06/30/2025 compared with S&P 500 performance.

Source: PitchBook Data, Inc. S&P Capital IQ and SVB proprietary data.

It's A Hard-Knock Half

Formerly VC-Backed Public Healthtech Index:
Global H1 2025 Performance³

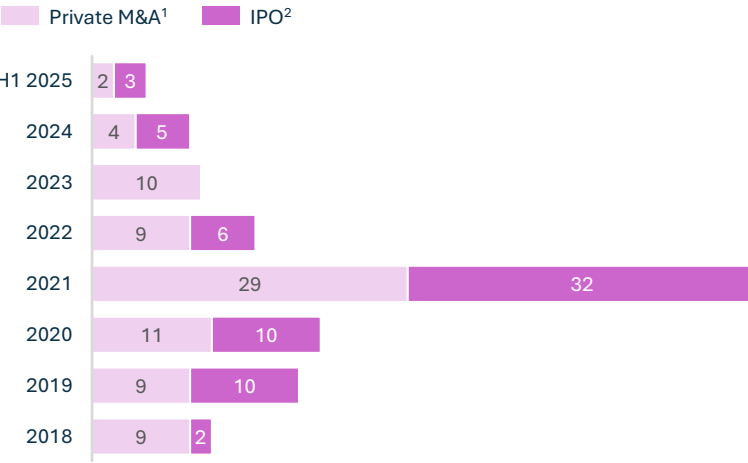


Dx/Tools Exits

This year has been relatively quiet for diagnostics and tools on the exits front. Improvement on 2024 exit totals is looking like a challenge at the halfway point of the year. The lack of performance in public markets was the headline of 2024. So far this year, it appears the ship is turning around. **Through the first half of 2025, formerly VC-backed Dx/Tools public companies are outperforming the S&P 500 index.** This strong showing is aided by especially strong performances from Adaptive Biotech and Tempus AI. Tempus, which many hoped would help turn the tide for the sector when it comes to opening up the IPO market, has been pulling its weight. Focused on using AI to make diagnostic tests more accurate and personal, **Tempus has seen its stock price increase more than 70% in 2025.**

In the trending MRD space, Natera is making headway. MRD tests are powered by strong commercial dynamics with high price points for a recurring and frequent test. We have seen cancer screening generally pick up steam as well. GRAIL launched in June 2024 and is growing meaningfully. These strong performances could help pave the road toward a more active exit market as we look to the rest of 2025.

Activity Keeping Pace With 2024 ... Dx/Tools Private M&A Deals and IPOs

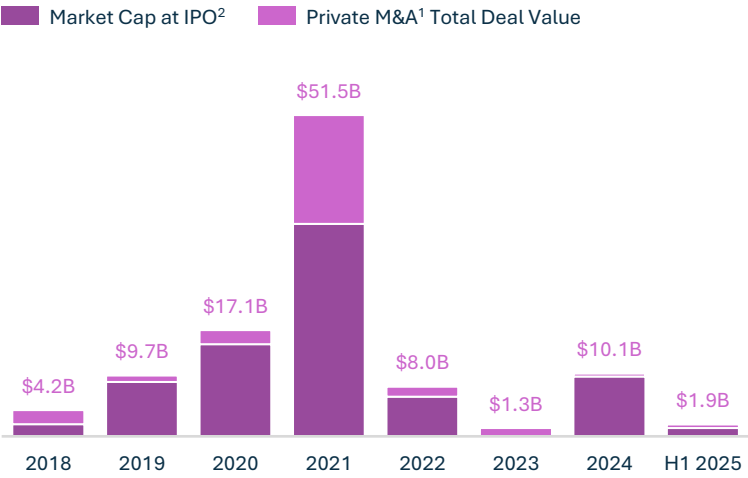


Indicating an Acquisition Dx/Tools M&A by Indication 2017-H1 2025

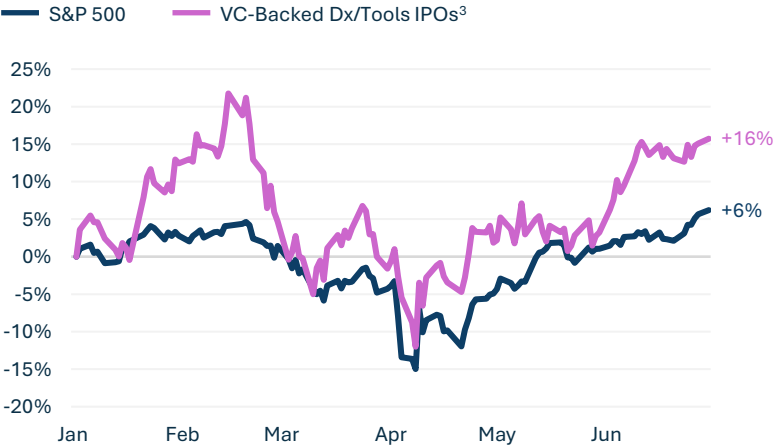
| Indication | M&A Deals | Total Deal Value (Known) | \$B+ Exits | Median Raised to Date |
|--------------|-----------|--------------------------|------------|-----------------------|
| Dx Tests | 29 | \$18.5B | 2 | \$26M |
| R&D Tools | 44 | \$7.4B | 1 | \$23M |
| Dx Analytics | 20 | \$3.8B | 0 | \$60M |

Notes: 1) Private venture-backed M&As with a minimum \$50M deal size. 2) IPOs with a minimum \$25M deal size. 3) Stocks for Dx/Tools companies that went public from 2015 to H1 2025. Performance measured by change in index value as of 06/30/2025 compared with S&P 500 performance.
Source: PitchBook Data, Inc. S&P Capital IQ and SVB proprietary data.

... But Exit Sizes Falling Behind Dx/Tools Exit Values by Year



The Diagnosis Is Good Formerly VC-Backed Public Dx/Tools Index: Global H1 2025 Performance³



Device Exits

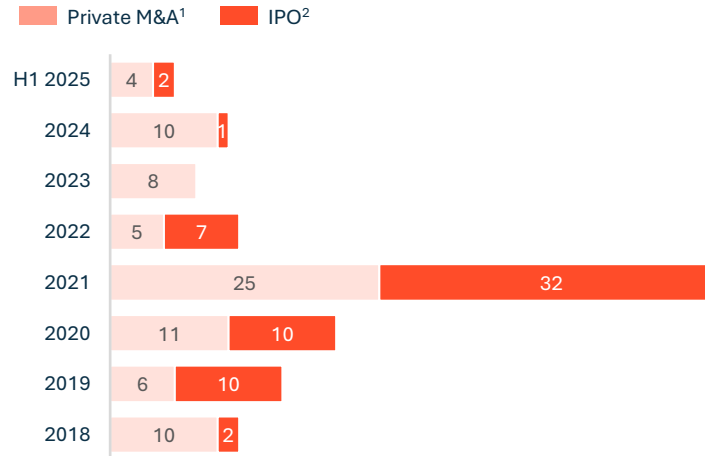
What looked like a breakout year for device exits — especially IPOs — is looking a lot more uncertain. A year that was supposed to be full of recycled capital, low interest rates, and smooth FDA approvals has been hard hit by tariffs, uncertainty, and underperformance. Kestra Medical and other recent IPOs have struggled in public markets. **Boston Scientific announced an estimated \$400M hit from tariffs, while Hologic suspended its third-quarter revenue guidance entirely.**

M&A is still the biggest exit opportunity in the device market. **2025 set a decent pace out of the gate, but it was public acquisitions that made the biggest splashes.** Zimmer Biomet bought Paragon 28 for a relatively restrained \$1.2B while Stryker acquired Inari Medical for \$4.93B, for a total deal value that was almost as much as the last two years of private M&A combined.

Boston Scientific kept its streak going as the leading acquirer, with three purchases so far in 2025. There was only one PE acquisition, but it still stands out in such a limited market. With the major drop in fundraising and tariffs hitting the bottom line of big medtech vendors, **even a small bump in PE activity would make it a significantly growing presence in the space.**



Single Half Could Show Double Deals

Device Private M&A Deals and IPOs



IPOs Slow

2025 Device IPOs by Initial Market Cap

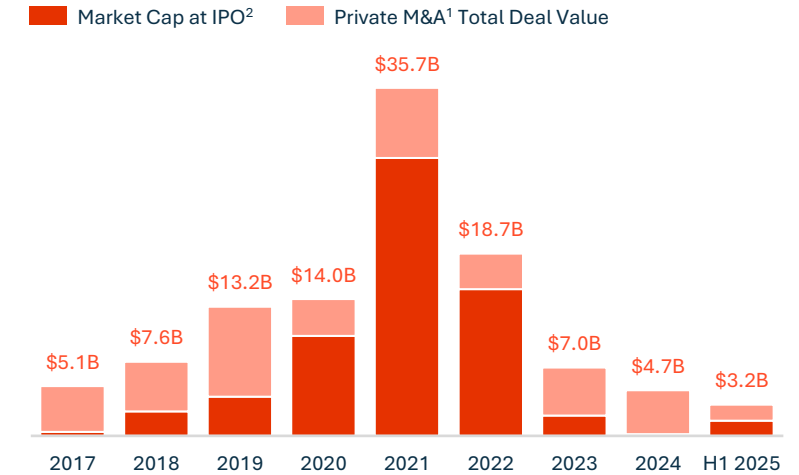
| |  |  |
|----------------------------|---|---|
| SVB Indication | Non-Invasive Monitoring | Drug Delivery |
| Stage at IPO | Commercial | Commercial |
| IPO Price per Share (Date) | \$17 (03/26/2025) | \$17 (01/31/2025) |
| Market Cap at IPO | \$842M | \$729M |
| Price +/- | -5.9% | -14% |
| Market Cap as of 6/30/2025 | \$792M | \$627M |

Notes: 1) Private venture-backed M&As with a minimum \$50M deal size. 2) IPOs with a minimum \$25M deal size. 3) Stocks for Device companies that went public from 2015 to H1 2025. Performance measured by change in index value as of 06/30/2025 compared with S&P 500 performance.

Source: PitchBook Data, Inc. S&P Capital IQ and SVB proprietary data.

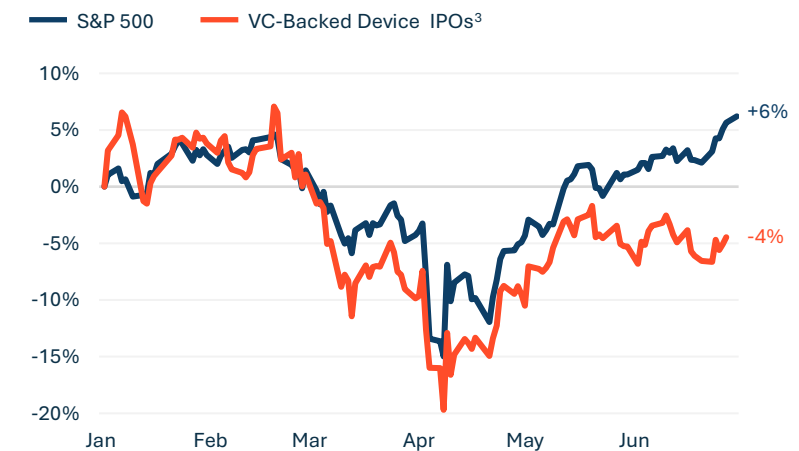
You Only Need Two

Device Exit Values by Year



Up and Down Still Better Than Just Down

Formerly VC-Backed Public Device Index:
Global H1 2025 Performance³



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Tim holds a master's of science in biology from UC Santa Barbara and an MBA from the UNC Kenan-Flagler Business School.

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